

## Sush Asserts EC Allies Move to Isolate France on Trade Pact

## **'hotos Help Close Chapter**

**In MIA Issue** The latest round of talks in Brussels ended abruptly this week when United States negotiators concluded that the 12-nation Communi-ty was proving too inflexible on the tricky issue of agricultural subsidies to make an accord viable before the U.S. elections. 'esearcher Was a Key; I.S. Will Take Steps

But while France continues to oppose new concessions that would further anger its pow-erful farming lobby, Germany's chancellor, Hermut Kohl, and Prime Minister John Major o Normalize Relations By Thomas W. Lippman and Don Oberdorfer of Britain agreed in a 30-minute telephone conversation Friday that the negotiations tak-ing place under the auspices of the General

Washington Part Service WASHINGTON — President George Bush, ting new information from 4,800 photographs American prisoners or war dead from Vietunese government files, announced a "signifi-int breakthrough" Friday toward resolving issing-in-action cases and moving toward entual normalization of U.S.-Vietnam rela-

"Today, finally, I am convinced that we can sgin writing the last chapter in the Vietnam /ar," Mr. Bush said in a White House ceremo-

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y celebrating recent unexpected progress in eccounting fully for missing servicemen. Administration officials said the improbable

aga of an American book writer, Theodore G. chweitzer 3d, who gained access to official rchives in Hanoi, was a key factor in the reakthrough. Starting last winter, Mr. Schweitzer was per-

nitted to examine and copy records and photo-raphs of captured or killed Americans at Viettam's Central Military Museum - files that fanoi had declined to provide to a succession x U.S. administrations.

Defense Department officials said they put Mr. Schweitzer on the payroll as a consultant in February and paid for his travel and computers when be was unable to find an American pubisher, and that Vietnamese authorities knew of this semiofficial relationship.

Why Vietnam chose to cooperate with Mr. Schweitzer and to promise a high-level U.S. mission last weekend full disclosure of all archival information was a matter of speculation on Friday.

Senator John S. McCain 3d, Republican of Arizona, who spent six years as a prisoner of war in Hanoi and who took part in last weekend's mission, said "the Vietnamese are desperate for economic assistance" and "also con-cerned about the Chinese," who have had historical conflicts with Vietnam and attacked Vietnam in 1979.

The Vietnamese, Mr. McCain said, "became convinced that the best way for them to have the embargo lifted and move forward is for them to become cooperative and forthcoming with this information."

With less than two weeks remaining before the presidential election, Mr. Bush went out of " (Chihis way to say that the effort on resolving the partisan politics in every way." However, the president appeared to take a swipe at the Democratic nominee, Governor Bill Clinton, who avoided the draft during the Vietnam War, hy announcing that the developments "honor those who chose to serve" in the W3r. Immediately after the ceremony, Mr. Bush paid a campaign visit to a Veterans of Foreign Wars post in suburban Maryland before pro-ceeding to appearances in Kentucky and Flori-"I want to emphasize from the Democratic AN perspective that this is not an October surprise," declared Senator John F. Kerry, Democrat of Massachusetts, chairman of the Senate MIA-POW Committee, who called the acAgreement on Tariffs and Trade should not be allowed to founder.

PARIS - Breaking ranks with France, British officials said the two leaders had Germany and Britain urged the Enropean Community on Friday to resume negotiations with the United States on a long-stalled global trade agreement with a view to averting a damaging trade war. decided that the Community's executive commission should instruct its chief agricultural negotiator, Ray MacSharry of Ireland, to seek an immediate resumption of talks with the U.S. secretary of agriculture, Edward R. Mad-

Late Friday, Community officials said the two men had spoken by telephone and had reiterated their desire to resume taks. "It is clear from these contacts that both sides want to maintain contact and continue negotiations to achieve a rapid coachiston." Mr. Mac-Sharry was quoted as saying.

A spokeswoman at Germany's Economics Ministry was quoted by Reuters as saying: "We are willing to move towards the United States." A British government official said Mr. Major believed that the Community,

which negotiates as a bloc, should be ready to give more ground.

[Australia and New Zealand, fearing the costs of getting caught in the crosslire of a world trade war, lashed out Friday against France, hlaming it for the failure of the talks, Reuters reported from Canberra. [Australia's trade minister, John Kerin, said "We ought to mount massive pressure against

the French," and the National Farmers' Federation urged consumers to boycott French products. The government also should re-examine its contracts with French companies, and labor unions should consider refusing to unload French shipments, said Rick Farley, the group's executive director. "France is ef-fectively holding the rest of the world to ransom," be said.]

France, however, showed no signs of budg-ing. Its finance minister, Michel Sapin, said Friday that the Community could not go beyond the farming subsidy cuts agreed as

part of a reform in its common agricultural policy earlier this year. "That was already a lot," he said.

On Thursday, Foreign Minister Roland Dumas of France predicted that no accord would be possible for several months. Mr. Sapin merely noted Friday that "all I know is that it will not come before the presidential destinate in the United Struct Nur. dections" in the United States Nov. 3.

The Community's Brussels-based Execu-tive Commission, however, insisted that an early agreement was still possible. "Both par-ties are still working on the basis that they hope to be able to conclude negotiations at a political level in the next few days," a spokesnan said.

The external relations commission, Frans Andriessen, who is in overall charge of the Community's negotiating team, also said he was confident of an agreement "in a very

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**Akihito Offers** 'Deep Sorrow' To China, Not A War Apology

By Alan Riding New York Times Service

By Lena H. Sun Washington Post Service

BELIING - In a gesture aimed at healing the bitter wartime memories of Asia's two great powers, Emperor Akihito of Japan began the first imperial visit to China by saying he felt deep sorrow for the "great sufferings" that Japan had inflicted on China.

As expected, the much-anticipated statement stopped short of a formal apology for Japan's atrocities in China before and during World War II, during which an estimated 20 million Chinese were killed or injured.

"In the long history of relations between our two countries, there was an unfortunate period in which my country inflicted great sufferings on the people of China." Akihito said in his banquet toast to President Yang Shangkun of China. "I feel deep sorrow over

Akihito, who was only a child when the war ended, was trying to indicate personal regret over the war years. Here in China, where the breadth of Japan's criminal destruction surpassed its actions in the other East Asian nations it invaded this century, anti-Japanese feelings run deep, even among younger Chi-nese who nevertheless prefer Japanese prod-

Exactly what Akihito would say bad been, the subject of controversy in Japan for



Emperor Akihito, left, exchanging toasts with President Yang Shangkun, right, and other officials at a state banquet in Beijing.

sion, which will presumably appear in the Chinese media, he said, "I feel deep sorrow

Whatever the wording, it is clear that Chi-na's Communist leaders, who have been seekapology. China gave up the right to war reparations when Beijing and Tokyo normal-

See AKIHITO, Page 4

**Beijing Vows** To Overturn **Reforms** in **Hong Kong** Threat Is Seen as Blow To Investor Confidence Before '97 Handover Compiled by Our Staff From Dispatches

BEIJING — China on Friday threatened to replace Hong Kong's government when it takes over the colony if proposals in bring more democracy to the territory are carried out over

Beijing's objections. The threat by Lu Ping, the Chinese official in charge of Hong Kong affairs, represented a heightening in tension between China and the Hong Kong governor, Chris Patten, which could undermine investor confidence in the territory as it prepares to revert from British to Chinese control in 1997.

Mr. Lu said at a news conference that if Mr. Patten enacted the proposed policy changes, Beijing would replace the colony's government, legislature and judiciary.

That would mean a violation of a 1984 Chinese-British agreement in which China agreed that Hong Kong would enjoy substantial an-tonomy. Dismissal of legislators due to be elect-ed in 1995 would violate that agreement.

And although China will have the right to make appointments to the judiciary and executive council, there was never any expectation that it would order a complete change in 1997. Mr. Lu also said China would not assume '

Governor Patten suggests his critics in China intend to spark unrest in the colony. Page 4.

responsibility after 1997 for debts or contracts linked to a planned airport in Hong Kong if Mr. Patten starts construction without Beijing's consent.

China would refuse air space to planes flying from the airport, Mr. Lu said. "The Chinese side does not hope to see

confrontation because this is not conducive to the interests of Hong Kong," he said. But he added. "If the other side insists on confrontation, then we have no other choice."

Mr. Lu said that if Mr. Patten ignored Beijing's objections, "the Chinese side will, in accordance with the regulations of the Basic Law, form the first Legislative Council, the first Executive Council, and judicial organs" of the post-1997 government.

"If we do so, we can ensure the smooth transition of government," he said.

Mr. Patten ended his first visit to Beijiog after three days of rancorous talks that yielded no progress on the major disputes between the two sides and instead was marked by diplomatic snubs of Mr. Patten. Mr. Patten has angered China by proposing measures to give voters more of a voice in the makeup of the legislature and reduce the power of special-interest groups dominated by China. Among other moves, the voting age would be lowered from 21 to 18.

months. Although Chinese citizen groups have been demanding a formal apology and war reparations, righast Japanese have op-posed too strong a statement, fearing it would compromise the emperor's positions as the revered symbol of the Japanese people. Even after the emperor's statement, there was confusion about what he actually said over this."

In Somali Town, 'Only 65 Dead' Is Cause for Hope

because of differences in the Japanese text and Chinese and English translations, According to the official version, the emperor's remarks were translated in English as "I deeply deplore this." But in the Chinese ver-

ing this visit for three years, are more interested in a smooth six-day visit than a formal

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## By Jane Perlez

BAIDOA, Somalia - Three months after the world turned its attention to this epicenter of starvation, a battered red truck and a bus with peeling blue paint made the rounds of this town one day this week, picking up shrouded bodies left by the road in the early-morning ritual of corpse collection.

The day's tally was 65. Almost anywhere else, 65 people killed by hunger overnight, their bodies so flimsy they could be lifted easily onto makeshift stretchers fashioned out of food bags, would be sbocking. But here it was a cause for hope, for it was by far the lowest number of daily deaths in Baidoa since statistics started to be kept in

efforts in many areas blocked by bands of teenage gunmen, no one here is predicting the end of the famine. But there are glimmers of improvement in Baidoa.

An informal soccer game, the first all year, was played Thursday on a dusty field bere; before, there were no children with enough energy to kick a ball.

There was a plucky boy on a bike.

In the market, bomemade candy was for sale, and fruit — bananas, tomatoes and melons from the south — was sold from wooden barrows. The tailors were back in business, sewing on machines in the open air.

And perhaps the best news of all, patchy carpets of thin green have begun to sprout in the countryside.

August. With a civil war still raging in parts of Somalia and relief about 10,000 bereft farmers who came to Baidoa to scrounge

for food have returned to their villages to plant. Heavy rains have fallen, softening the dark, feruic earth that used to be Somalia's breadbasket.

In Manas, 33 kilometers (20 miles) south of here, sorghum

sown a week ago is already pushing through the soil. But the reduction in daily deaths in Baidoa, from a high of 360 last month, was greeted soberly by Somali and Western aid officials. Some suggested that the decline was because the most vulnerable — the young, the old, the sick — had already died. Now, they suggested, the famine was taking its toll among the heartiest members of the society.

"The children have died before," said Hussein Dahir Ahmed, the local director of the Somali Red Crescent Society,

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Mr. Patten maintains that his proposals are within the framework of the 1984 agreement.

In addition to rescinding the reforms after 1997, China says it would replace legislators elected in 1995 as well as members of the executive council and the judiciary. Earlier Friday, Mr. Patten said he wanted

China's assistance in reshaping the colony's electoral system and huilding the new airport,

See THREAT, Page 4

## From Bush, the Appeal Is Personal

## Character, Not Ideology, Is His Issue

By Robin Toner New York Times Service

RALEIGH, North Carolina - A presidenlial candidate's stump speech in the final days of the campaign is a freeze-frame of the man, the party and the times, and so it was for President George Bush as he rolled through the South this week.

Trillill Amid the one-liners, the sound hites and the uplause lines was the portrait of a Republican Party in transition, trying to retrofit itself for ife after the Cold War, for a nation obsessed with the problems at home.

Behind the attack lines and the digs at his opponent was a president making one last atempt to connect with a restless electorate, a resident who is offering, as much as any big dea or philosophy, himself. "We Trust Bush," read the banners along a

arefully prepared whistle-stop tour through Jeorgia and the Carolinas; this was the hopeful concept at the heart of Mr. Bush's appeal, in a region that has not seen such a competitive mesidential election since 1976.

There were echoes in Mr. Bush's speeches Nonaid Reagan seemed to own the South,

scoffing at the Democrats as gloom-and-doomers who refused to see America's special place in the world.

"To get elected," Mr. Bush told a buge rally in Spartanburg, South Carolina, on Tuesday night, "they've got to convince the American people that the United States is a nation in

#### NEWS ANALYSIS

decline, and we are not. We are No. 1 - in the domand democracy." The audience responded with the chant that punctuated the politics of the 1980s: "We're No. 1!"

the 1980s: "We're No. II" But Mr. Reagan had the benefit of a strong economy in 1984. Mr. Bush had to keep ac-knowledging that he did not. He talked about mending the economy by increasing exports, by incentives for small businesses, by holding down federal spending and "giving the over-taxed taxpayer some relief." But the most im-passioned part of his economic prescriptions was his warning of what would hannen under was his warning of what would happen under the Democrats: "He's going to go after your wallet," he said in one small town after anoth-

See BUSH, Page 4

There were plenty of strong lines in Mr. Bush's speeches, lots of exuberant railing at "the nutty pollsters," "the inside-the-beltway talk shows emanating from Washington," "the soft-thinking United States Congress," the "trickle-down government" crowd.

But this was not a full-blown appeal to old

conservative flash points. Mr. Bush was not

talking about school prayer or racial quotas or

even his staunch opposition to abortion as he rolled through the Carolinas. He mentioned "family values" only in passing, and his chiding

of his Democratic opponent, Governor Bill Clinton, on crime was remarkably muted com-pared with the treatment alforded Michael S.

Merle Black, an expert on Southern politics

is difficult, he said, "in do pure ideology" against the Democrats this year.

#### U.S. and U.K. Switch in Time

The United States, Canada. Britain and Ireland will revert to standard time carly Sunday. when clocks will be turned back one hour

In the United States and Canada, the switch will come at 2 A.M. local time, when clocks are set back to 1 A.M. Hawaii, Puerto Rico, the Virgin Islands, American Samon, Arizona and parts of Indiana are not affected.

Britain and Ireland will switch back an hour to Greenwich Mean Time at 2 A.M.

1.28

**Russian Army Warns Yeltsin Foes** MOSCOW (Reuters) - Defense Minister Pavel Grachev of Russia warned the government's opponents on Friday that the army supported President Boris N. Yeltsin and hinted it was ready to back him with force. The army is on the side of the president, its commander in chief," he said in remarks broadcast on television.

"Some politicians, making what they think are bold declarations toward the government and especially the legally elected president, are unaware of the consequences - not just political, but in terms of force - which could result from whipping up such political passions," be said.

Art

in Målaga.

native son, Picasso, has opened

#### General News

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Foreign Minister Shimon Peres invited Pope John Paul II to visit Page 4. Israel.

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The Demon Russia Can't Shake: Vodka

By Steven Erlanger New York Tunes Service

MOSCOW — According to the Kievan Chronicles, Vladimir I, who converted Russia to Greek Orthodoxy at the end of the 10th century, rejected Islam on the ground that he would never get Russians to stop drinking alcohol

Mikhail S. Gorbachev, in his infamous campaign against alcohol, had no better luck. Today, according to Lieutenant Colonel Vi-tali N. Gunenkov, chief of the Interior Ministry's department for drink-related crimes, the problems associated with too much vodkadrinking - crime, absenteeism, lost production, sickness — are worse than they were before Mr. Gorbachev's campaign of 1985-

"It's like a pendulum that is swinging hard in the other direction," Colonel Gunenkov said. "Now it is worse than it was in 1984, and this year shows the trend is also worsening."

He said crimes committed by drunken people in Moscow were up 15.9 percent in the first seven months of this year over the same. period last year. Drunken people are now committing 35.6 percent of all crimes in Mos-cow, be said, and nearly 80 percent of crimes against individuals: marder, rape, robbery. Figures are similar nationwide.

But vodka --- so Russian and so endemic --also provides a window into the new economy, into both its opportunities and social costs. As with every other aspect of Russian life, the business of vodka is swarming with inconsistencies and corruption in this great transition from a socialized command economy to a free market.

The production of vodka remains, as it was under the czars, a state monopoly that still accounts for more than 10 percent of govern-ment revenues, more than that from individual income tax.

The sale of vodka, however, is no longer a state monopoly. Individuals can import and export, secure their own supplies, legally or illegally, and profit as they can. The govern-ment still tries to license who can sell volka when, and at what markup, but it can now be bought legally 24 hours a day, and its price, in reality, has been freed.

Russians are drinking less alcohol per capi-

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## Kiosk Dow Jones

Dukakis in 1988.

## **Turks Hit** Guerrillas In Iraq

Page 2

#### Ankara Battling **Kurd Insurrection**

Renaces ANKARA - Thousands of Turkish troops have crossed into northern Iraq in an attempt to drive some \$,000 Turkish Kurdish guerrillas from mountain strong-holds there, Prime Minister Suleyman Demirel said Friday.

Mr. Demirel said at a news conference that Ankara wanted to deny them sanctuary in northern Iraq, where the Baghdad government has no authority.

Turkish newspaper and radio re-ports indicated that about 5.000 troops were engaged in a threepronged operation to destroy Kurdistan Workers' Party bases in

northern Iraq. Turkey's semi-official Anatolian news agency said troops backed by helicopters, planes and artillery had advanced 3.5 kilometers (2 miles) inside Iraq without meeting much resistance

It said troops, accompanied by state-paid Kurdish village guards, had occupied a hill overlooking re-bel bases in the Hakurk Valley. near where the borders of Iran, Iraq and Turkey meet.

Iraqi Kurds, trying to establish their own control over northern Iraq, launched an offensive to push the Turkish rebels from its remote frontier hideouts almost three weeks ago

Turkey has staged almost daily air strikes on rebel positions since the fragi Kurds went on the attack and sent troops across the border a week ago to block escape routes.

Mr. Demirel gave few details oo military operations and offered no casualty figures, but denied that Turkey intended to set up a security belt which its troops would pa-

"We are oot going to establish a security zone," he said. "We doo't want to annex or snatch anyone's territory. We are defending our

own territory." Mr. Demirel said the Turkish Kurds had 7.000 to 8.000 "trained terrorists" in northern Iraq and another 3.000 inside Turkey. Their eight-year-old struggle for an indepeodent Kurdish state in southeast Turkey has cost more than 5,100 lives.

#### Mandela Says Apartheid Helps Spread of AIDS

Agence France-Presse JOHANNESBURG - Nelson Mandela, president of the African National Congress, on Friday criticized what he said was apartheid's role in spreading AIDS among hjack South Africans. Sarajevo civilians lining up for a meal in an area of the capital badly hit by food shortages.

## In Sarajevo, for First Time, **Officers of Rival Units Meet**

Compiled by Our Staff From Dupatches SARAJEVO, Bosnia-Herzediscuss. govina - Muslim, Croat and Serb military officers met face-to-face Friday in Sarajevo for the itary officers, at their first meeting, discussed how to establish a first time since the battle over the cease-fire on the ground if and when the politicians decided to Bosnian capital began seven

months ago. Their talks, which lasted five hours and will be followed by have one. The UN's first priority, he added, is to get the Split-Mostar-Sarajevo land corridor open for relief supplies. The UN Children's Fund said another round Monday, were a small step for peace hut a tri-umph for the UN Protection all ethnic factions agreed to a Force commander, General Philippe Morillon of France, who cease-fire during the first week of had spent weeks setting them up. November. The truce would al-In another positive develop-ment, UN officials said that the low relief workers to reach besieged areas in Bosnia and elsewhere by land. factions have agreed to a one-

"We want to reach up to 1 week truce oext month to allow 100 nedicine and cloth million children with the basic reach 1 million children facing a necessities to face the harsh wittwinter of deprivation. General Morilloo suggested his 'Mixed Military Working said Edith Simmons, UNIter CEF spokeswoman in Sarajevo. The group plans to bring in 300 tons of blankets, clothes for Group' as a means of agreeing to capital. practical steps to ease the plight 200,000 children, up to 800 tons of hundreds of thousands of Bosof high-protein biscuits, medinian civilians as winter apcine, vitamins, vaccines and proaches. school books, UNICEF officials But the Muslims had declined said. to take part until water and elec-Most relief supplies for Bosnia tric power were restored to Saranow come sporadically through All 747s at Risk, DUTY FREE ADVISORY

jevo, which is the kind of issue he had intended the group to an international airlift into Sarajevo, hut other besieged cities are almost impossible to reach be-General MoriEon said the mil-

cause of fighting. Northwest of Sarajevo, UN officials succeeded in persuading the nominally allied Muslims and Croats to end several days of clashes in Novi Travnik and to remove their artillery from firing

positions in the town. Heavy lighting in Novi Trav-nik and ocarby Vitez, both of which straddle the route for overland convoys organized by the UN High Commissioner for Refugees, has blocked relief supplies to Sarajevo.

A British officer with the UN force said both towns were oow

## **Economics** Pulling Vietnamese Closer **To Other Asians**

and

SELA

claims

"aggressively pursuing" its

No longer able to count on sup-port from the now-defanct Soviet bloc and worried by China's de-

mands for Vietnamese territorial

observer at its annual meeting of

Laos, another Indochinese coun-try that has a history of close rela-

tions with Vietnam, also signed the

treaty and became an ASEAN ob-

Analysts say they doubt, howev-er, that either Vietnam or Laos will

be quickly accepted as a full ASEAN member.

terbalance to any emerging "hege-monic actors in the region - in

particular, China." But he said that "differences in

ideological perspectives, world

views and economic and political systems" between Vietnam and

ASEAN states would take a long

trade liberalization and political

Ms. Chan said that under such

This would give the associates "greater access to the markets and

investments of the six," she said,

without obliging them to liberal-

ize trade at the same pace or engage

come associate states.

time to be resolved.

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foreign ministers.

caused much of the tension in the By Michael Richardson area by expanding its navy, resort-ing to use of force against Vietnam al Herald Tribute

KUALA LUMPUR - Divided for many years by the Cold War, Vietnam and the non-Communist countries of the Association of Southeast Asian Nations are now being drawn closer by market economics and common concerns Sea, Hanoi signed a treaty of friendship and cooperation with ASEAN in July and became an about China's regional ambitions. Vietnamese officials visiting Maaysia said that Vietnam, whose

government is reducing state control of the economy in favor of the free market, wanted to become a member of ASEAN. They said this week an early lift-

ing of a U.S. trade embargo im-posed during the Vietnam War would hasten this move by strengthening the Vietnamese economy and its ties with the outside world.

"If in 1993 the U.S. lifts its eco-Noordin Sopice, director-general of the Institute of International and Strategic Studies in Knala Lumpur, said that having a "politi-cally single Southeast Asia" would certainly be a more effective counnomic embargo, I think we would have more opportunity to develop our market economy," said Vo Dai-Luoc, director of Vietnam's Insti-tute of World Economy. "Then af-ter two to three years, we might become members of ASEAN."

Decome members of ASEAN." The association, formed in 1967 to promote nonmilitary coopera-tion in the region, has six members: Indonesia, Malaysia, the Philip-pines, Singapore, Thailand and Brunei.

Relations between Vietnam and ASEAN have dramatically im-Chan Heng Chee, director of the Singapore International Founda-tion and a former ambassador from proved since Vietnamese forces were withdrawn from Cambodia in 1989 and Hanoi provided support for a United Nations peace settlement there.

Singapore to the United Nations, said that admission to ASEAN of members with "more backward economics and different political systems" could place "further im-On an official visit to Vietnam this week, Singapore's foreign min-ister, Wong Kan Seng, said Hanoi was welcome to take part in ASEAN-sponsored activities in the social, cultural, scientific and techpediments" in the way of ASEAN and security cooperation. She said one approach would be to develop a two-tier ASEAN not nical fields.

He said Singapore, which is the current chairman of the ASEAN standing committee, would seek to unlike the concentric circles of membership proposed for the European Community as it seeks to

standing committee, would seek to ease Victnam's integration into the rapidly growing economies of the ASEAN region. Malaysia, Thailand, Indonesia and the Philippines have also been promoting trade, investment and closer political ties with Vietnam. cope with eager new applicants for membership from other parts of an arrangement, the six core mem-bers of ASEAN would allow other Southeast Asian countries to be-

Singapore, for many years one of Vietnam's staunchest opponents, is now the country's largest trading partner. Total annual trade is worth more than \$1 billion, and 35 percent of Vietnamese exports pass through Singapore's port.

in the same level of political coop-Vietnam and the ASEAN councration." tries share common concerns about China's claims to sovereignty over the Spratly Islands in the South China Sea, a huge region that strad-dles vital shipping lanes and may contain oil and gas deposits. **POWS:** 

Vietnam, Taiwan, Malaysia, the Philippines and Brunei also claim all or part of the Sprathys, which **Full Disclosure** 

## WORLD BRIEFS

## Queen Ends Trip, Praising Germans

POTSDAM, Germany (Reuters) — Queen Elizabeth II ended her first state visit to the reunited Germany on Friday with high praise for the country. Relaxed and smiling, the monarch highlighted Britain's historic ties to Prussia during a day that included a visit to the tomb of her greatgreat aunt in Potsdam, the summer residence of the Prussian kings and German Kaisers.

"I would like to thank all the many people Prince Philip and I have met this week who have made our visit to this great country a memory we shall always cherish," the queen said.

Stressing her trip's pro-European message, she spoke of "Britain's great joy" at Germany's reunification and said she looked forward to Eastern Germany contributing to "the constructive evolution of Europe."

#### Gunmen Fire at Cruise Boat on Nile

ASSIUT, Egypt (AP) — Gummen shot at a cruise boat carrying foreign tourists Friday on the Nile, two days after a British tourist was killed in

an ambush, police officials said. No casualties were reported in the shooting, which took place as the boat steamed by Nagaa Hammadi, 450 kilometers (280 miles) south of Cairo in Qena Province, the officials said. They suspect Muslim extrem-

ists. The officials said five gummen, their faces covered by Arab scarves, shot at the boat and then disappeared in the fields along the river's banks. In Assint, a Muslim preacher hitterly attacked the government for arresting two prominent lawyers connected with a Muslim extremist group that admitted killing a British tourist in southern Egypt.

#### Rebel Base Is Attacked in Liberia

MONROVIA, Liberia (AP) — West African troops began an offensive Friday to retake Monrovia's water plant and attacked a key rebel base in central Liberia with warplanes, military sources said. Earlier, Guinean members of the peacekeeping force seized a rebel base 13 kilometers (eight miles) from the capital. The offensives mark an end to a two-year cease-fire that often was violated.

The West African forces were aided by heavy rains that flooded swamplands around a rebel base near Monrovia and made it difficult for fighters loyal to the rebel leader Charles Taylor to operate. The rebels

fighters loyal to the rebel leader Charles Taylor to operate. The rebels have been infiltrating through the swamp. The attack on Friday by Nigerian warplanes targeted Mr. Taylor's base in central Liberia. On Thursday, the West Africans seized the former headquarters of Mr. Taylor's main rival, Prince Johnson, which Mr. Taylor's men overran a week ago. Mr. Johnson escaped during that assault and eventually surrendered to the peacekcepers.

#### Hotel Lease on Kuril Island Dropped

HONG KONG (Reuters) - A Hong Kong company has bowed to Japanese pressure and disavowed a contract to build a tourist resort on Shikotan, one of four Kuril islands claimed by Tokyo and Moscow, Japanese diplomats said Friday. The cancellation resolved a six-week-old diplomatic wrangle that had unexpectedly complicated Russian-Japanese tails on sovereignty of the north Pacific archipelago, which the Soviet

Union occupied at the close of World War II. Carlson & Kaplan Ltd., a holding company owned by a Taiwan businessman, informed Japan's Hong Kong consulate general that it was canceling a 200 million ruble (about \$137,000), 50-year lease to build a botel and golf course on Shikotan. A Japanese diplomat quoted the letter as saying the decision was "made in light of the territorial dispute."

#### For the Record

Togolese troops toyal to President Gnassinghé Eyadéma released members of Togo's interim parliament in Lome on Friday after forcing them to unfreeze funds collected for his party. (Reuters) Riots swept opposition strongholds in Cameroon on Friday after the Supreme Court declared that President Paul Biya had been re-elected. At Bamenda, in the Western Highlands, rioters were reported to have burned down the homes of Prime Minister Simon Achidi Acho and other prominent figures in the ruling party. (Reuters)

#### TRAVEL UPDATE

Russia has lifted travel restrictions on foreigners and opened up the last !. of its wast areas hidden from the West during decades of Cold War. The move followed a bilateral Russian-U.S. agreement that took effect last month lifting travel restrictions on Americans in Russia and Russians in ... (Reuters)

the United States. (Reaters) Sabena, Belgium's national air carrier, announced Friday an increase in its flights within Europe and to Africa this winter while keeping services to Asia and North America at current levels. The airline said it would continue to serve 58 cities in Europe but raise the oumber of 731, from 666, starting Sunday. (AP) France's new points system for drivers licenses has beloed cut traffic deaths by 475 in the first three months since its introduction in July, government officials said Friday. Under the new system, drivers have points deducted from their license for traffic violations, and can lose their iccase after losing 12 points. (Reuters) Public benefits from Tokyo's airport at Narita outweigh the disadvan-tages it causes to local farmers, the Tokyo High Court ruled Friday. (AP) British Airways was named the best airline in Australia, a year after taking second-place honors. (AP) taking second-place holors. (AP) Chica will carn a record \$3.5 billion from tourism this year under its Visit China '92 promotion and is aiming for \$10 billion by the end of the decade, a top tourism official said. (AFP) A regional center to help control piracy in Southeast Asian waters was opened in Knala Lumpur on Friday as Singapore and Indonesia an-neuroed their court there for the stocks and the stocks. (IPP) nonneed their own stepped-up efforts to halt attacks. (UPI) Domestic flights across India remained disrupted for the 11th consecu-tive day Friday as pilots of the main carrier, Indian Airlines, continued a go-slow strike. (UPI)



Mr. Mandela said that "apartheid's legacy had played a great role" in making blacks susceptible to AIDS. Among the contributing factors, he said, were single-sex hostels, the disintegration of family life, and overcrowding and lack of recreational facilities.

> For investment information read THE MONEY REPORT every Saturday in the IHT

> > Now, flying through Abu Dhabi could change your way of life

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Abu Dhabi Airport Duty Free

calm but tense, and that resum tion of the couvoys depended on further improvements in security for the area, about 100 kilome ters (60 miles) oorthwest of the

Vitez is the main UN refugee logistics center for central Bos-nia. Fighting there forced the evacuation earlier this week of all but two of the center's staff members, disrupting relief work. (Reuters, AP)

The problem is not expected to be unique to freighter airplanes," the Federal Aviation Administra-

tiou said in a letter to Dutch crash

investigators made public Friday by the Transport Ministry here.

gation after the Oct. 4 disaster in Amsterdam would "focus on all

At least 43 people are believed to

have died when the Israeli jet

crashed into a low-income apart-

ment building after losing its two

versions of the Boeing 747."

ne to the wing.

our appeared cracked.

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Hôtel Concorde La Fayette. Porte Maillot

Tuesday November 3 10 p.st. - 6 a.m.

Leve results on giant video wall (via CNN)

Raffic

Tyckets FF. 350

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The FAA added that its investi-

**U.S. Agency Says** 

extend deep into Southeast Asia.

Writing in a recent issue of the Asian Defense Journal, General Yaacoh hin Mohammed Zain, chief of the Malaysian defense forces, said the overlapping claims in the South China Sea were "perhaps the single most important regional issue with the greatest po-tential for tension and military conflict."

He contended that China had

(Continued from page 1). counting effort bipartisan and who attended Mr. Bush's meeting on the subject before the announcement. Mr. Kerry said he had been in touch with Mr. Clinton about the recent developments and that "he absolutely agreed with this ap-

In Dallas, Orson Swindle, a spokesman for the independent ndidate Ross Perot, welcomed what he called "a step toward reso-lution" of the issue but said he found the timing suspicious.

"All of a sudden, right before the election, something pops up," he said

Hanoi Accuses U.S.

Vietnam's chief delegate to the United Nations, Trinh Xuan Lang, accused the United States of play-ing politics with the POW-MIA is-The Associated Press McSweeny, wrote that the aviation AMSTERDAM — Boeing 747 agency "will mandate any correc-passenger planes are also at risk tive action we find to be appropri-trom the structural failings that ate for the Boeing 747 fleet." sue and contended that Hanoi had long been cooperating in the search for Americans missing since the Vietnam War. The Associated Press reported from New York. may have caused the crash here of an El Al cargo jet, according to American authorities. The fuse pins are meant to snap in the event of drastic engine mal-function, allowing the plane to fly Mr. Lang said Vietnam and the

United States had agreed several years ago to treat the MIA issue "in But crash investigators last week a humanitarian spirit" isolated reported no sign of serious damage from political motives or goals. "The MIA issue has been turned in either of the El Al jet's right wing engines. They warned the FAA that the airworthiness of 747 into a political issue and you are linking it with normalization of refreighters powered by Pratt & Whitney engines could not be guarlations," he said in a telephone interview.

#### nounced that it was asking airlines to carry out tests on 747s to assess Seoul Says North Stores the strains on the engine supports. **Biochemical Weapons** right-wing engines after takeoff. The Dutch government also said The Dutch aviation inspectorate Friday that it would deay air access

The Associated Pre-SEOUL - North Korea has stored a large amount of biochemi-cal weapons lethal enough to kill the population of South Korea, an intelligence agency report said Fri-

The large-scale accumulation of biochemical weapons added to worries heightened by North Korea's suspected development of atomic bombs, according to the re-Rosence Fossibuit Oenave Hetaoly Mentod port by South Korea's Agency for National Security Planning.

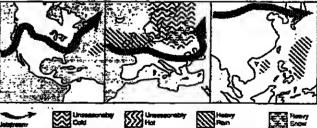
DEATH NOTICE IN MEMORY OF OUR ESTEEMED FRIENDS PETRA KELLY MEMBER, GERMAN PARLEMENT

GENERAL GERT BASTIAN MEMBER, GERMAN PARLIMENT

While mourning the loss of two friends in times of need, their ideals friends in times of need, their ideals and achievements will always in-spire us. We, the people of Tibet, are greatly indebted to them for their valuable contributions to our cause. Our condokences to their families. Tibetan Community in Switzerland, Tibetan Youth Con-tounity. Tibetan Women's Associa-tion, Swiss Tibetan Friendship As-sociation.

The government argues that the tane is needed for its investigation and cannot be made public indeociation. pendently of the final report.





**North America** 

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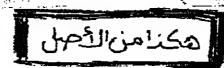
gusty wind. A show occur in Chicago S and again on Monday

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Asia Europe stortey weither Sunday mo
 stortey weither Sunday mo
 early next week. Storms
 from the North Atlantic will
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 into northern Germany,
 bringing custy winds and
 brany rant. A snowstorm will
 blankst the gras from Mosk. S
 to Moscow Monday. TT Europe A gusty cool wea A guisy wind will usiner an cool weaker for Tokyo Sun-day, but Monday and Tues-day wil be cather sunny and pleasantly cool. There will be plently of sunshme early need week is Secold and Begorg. There is chance of showers Sunday and anain Monday

Today Tomorrow High Low Wix High Low Wix CF OF CF CF CF CF 3046 23.77 pc 30-36 22.71 pc 18-81 32.82 2.170 pc 3346 25.77 pc 32.98 24.75 pc 3346 25.77 pc 33.91 24.75 c 3346 23.77 pc 33.91 14.57 1844 10.56 pc 2033 11.52 x 2379 15.59 x 35.88 N.75 pc 30.68 23.71 pc 24.25 2.55 pc 21.70 16.51 pc 21.50 x 55 pc Todary Tomorrow High Low Wx High Low Wx CHF CHF CHF CHF 30366 1050 4 20365 1253 9 9360 6513 49 946 5443 1 20373 1253 8 1938 1152 pc Banglot Baiging Hong Kong Mginis New Dahn Seoul Shangha-Shangha-Shangha-Taost Taost Taost 210021 17402 17405 1544 10450 1544 10450 1544 1142 1555 175555 17555 17555 17555 175555 175555 175555 175555 175555 1755 12.55 pc 22/71 11.52 ch 12.844 846 i 12.844 846 i 12.85 7.44 i 21.52 5.41 i 944 4.09 i 7.44 12.85 c 21.70 4.09 sh 946 9.40 i 8.40 5.41 sh 12.65 8.40 sh 11.62 8.40 sh 11.62 8.40 sh 11.62 8.40 sh 11.62 8.40 sh 12.65 8 18.84 pc 22.92 (6.6) pc (3.35 pc 27.7) 12.85 pc (2.55 pc 27.7) 14.57 pc (2.57 pc 27.7) 14.57 pc (3.7) pc 37.69 25.73 pc (3.7) pc 37.69 25.73 pc (3.7) pc 39.54 (8.5) pc (3.5) pc 39.55 (2.5) s Algers Cape Town Centre of 12400 16/64 t 27/80 14:57 5 30/86 18/64 pt 23/84 18/64 p 20/86 16/61 c 21/70 17.52 c 21/70 11/52 c 21/70 17.52 c 21/70 11/52 c 21/70 10/50 c -----2/85 8/43 8/43 8/44 4/39 18/44 pc 20/04 10/64 pc 8/46 pc 23/73 8.46 pc 2000 C 0400 -327 e 420 -427 e 420 -427 e 443 545 m 7060 -437 e 420 545 m 1060 545 m 1053 742 m 1153 640 m 1263 10/50 c -1/31 r 1/34 r 6/41 sh 6/41 sh 8/46 sh 7/44 sh 11,022 1/34/73 12/7/36 12/7/36 12/7/36 14/55 14/55 12/74 12/74 14/57 16 14/57 16 14/57 16 14/57 16 17/76 -2/29 9 9/48 c 10:50 9 7/44 94 4/39 4 7/44 94 7/77 Aberta Boston Chango Datwar Datrot Honolaks Honolaks Honolaks Honolaks Honolaks Honolaks Missioned Missioned Ministrapi Ministra Nativ Phoesic San Farz Sentto Tourio Waterick 9:48 ¥ 17:55 × 13:55 c 8:45 x 3:07 x 9:48 r

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says it believes the engine supports to Saha, an Iranian charter airline, gave way, possibly because of met- until the carrier demonstrated that al fatigue or corrosion in the four its 747 freighters had passed anworthiness checks. fuse-pin assemblies that hold each Singapore Airlines, the only oth-In its Oct. 19 letter, the FAA said er airline to fly the same type of post-crash checks on 26 cargo plane to the Netherlands, has Boeing 747s had shown 74 fuse pins

on its remaining motors.

anteed beyond 6,000 flights.

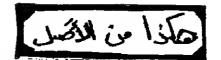
Earlier this week, Boeing Co. an

declared the engine supports on its with some level of corrosion, and jets safe, a Transport Ministry spokesman said. The FAA's deputy director of The ministry spokesman said the aircraft certification, Thomas overnment had decided to make

the FAA letter public "in the interest of keeping the investigation as open as possible." AMERICAN ELECTION NIGHT PARTY IN PARIS But Dutch authorities are resisting growing pressure to make pub-

lic a tape of exchanges between air By DLMOCRATS ABROAD traffic controllers and the Israeli AND REPUBLICANN ABROAD crew. Some believe the tape may contain vital clues as to why the plane failed to reach Amsterdam

amport The controversy centers on why the plane made a second, and fatal, circuit over Amsterdam before trying to land. Several newspapers have speculated that the pilot, Yitzhak Fuchs, may have wanted to land sooner than he was allowed to by the control tower.



NURLE REGISTRATIONAL HERALD TRIBUNE, SATURDAY, OCTOBER REGISTRATIONS tanda Trip, Production Producti Production Production Producti



A nonvoting Bush-Quayle supporter cheering on the president at a rally near Trenton, New Jersey.

#### Record

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NEW YORK - Three national polls this week found Governor Bill Clinton maintaining a clear lead over President George Bush, while Ross Perot's support had reached a level just under 20

percentage points. An NBC News/Wall Street Journal poll of 1,008 registered voters put Mr. Clinton at 47 percent, Mr. Bush at 28 percent and Mr. Perot at 19 percent,

★ ELECTION NOTES ★

**Clinton Maintains Lead in the Numbers Game** 

A CNN/USA Today poll, conducted by the Gallup Organization with 1,035 registered voters, showed Mr. Clinton supported by 44 percent, Mr. Bush by 32 percent and Mr. Perot by 17 percent.

An ABC News poll of 909 likely voters measured Mr. Clinton's strength at 43 percent, Mr. Bush's at 32 percent and Mr. Perot's at 17 percent

Each poll had a margin of sampling error of 3 to 4 percentage (NYT) points ... 

#### If Money Talks, Perot Speaks the Loudest ..

WASHINGTON -- Ross Perot may still be third in the polls but he has quickly surged to the front of the presidential spending race, month. In fact, the Texas billionaire's expenditures in the first half of October outdid President George Bush and Governor Bill Clinton combined, reports filed with the government showed. Mr. Perot reported spending \$26 million in the first 14 days of October, compared with Mr. Bush's \$12.3 million and Mr. Clinton's \$11.9 million over the same period. Mr. Perot has spent a total of \$48 million on his election bid, all but \$1.3 million of it his own money. During the last debate with his opponents, on Monday, he predicted his tab would run to at least \$60 million. Most of his October spending, \$23.62 million, went to his advertis-ing team, which staged a \$17 million network television advertising blitz immediately after Mr. Perot's re-entry and has another big push that began Thursday. The rest was split among promotional materials, expenses of his volunteer organization and travel. (AP) (AP)

## More Jobs but Slower Growth Seen in Clinton Plan

Compiled by Our Staff From Dispatches BOSTON --- Of the three main presidential candidates, Bill Clinton's economic program would create the most jobs in the short run, but it also would lift interest rates and slow growth by 1996, a nonpartisan economic consulting company said Friday. The company, DRI-McGraw Hill, made

public a study of the economic proposals of Mr. Clinton, the Democratic candidate; President George Bush, the Republican, and Ross Perot, an independent.

The study said Mr. Bush's plan would lift consumer spending, Mr. Clinton's would lift public investment and Mr. Perot's would raise private investment.

"In the short run, the cyclical strength of the economy would be greater under Clin-ton," the company said. "DRI assumes, however, that the stronger growth canses the inflation-adverse Federal Reserve to raise interest rates, and squeezes the growth out of the economy by 1996."

The study said Mr. Perot's spending cuts and tax increases would cut the deficit by the

greatest amount and lead to much lower He proposed to pay for the program by mortgage, bond and other interest rates by raising taxes on the richest Americans and mid-1993.

"These would stimulate the economy, giving it strength to offset the fiscal restraint in 1994," the study said. The study said Mr. Bush's plan was neo-

tral on the deficit. Government spending would be lowered to offset tax cuts, giving consumers more money to spend.

The consulting concern found that Mr. Clinton's infrastructure spending program would create 731,000 new jobs by 1994 and raise economic growth by 1 percent over the Bush plan.

The study projects interest rates on 10-year Treasury notes would rise to 7.8 percent under Mr. Bush, soar to 8.21 percent under Mr. Clinton and slip to 6.76 percent under Mr. Perot. The 10-year note is now at 6.8 percent

Mr. Clinton has proposed an ambitious spending program to build infrastructure, high-speed rail lines and a nationwide com-puter network.

collecting more taxes from foreign corporations while cutting taxes on the middle class. DRI-McGraw Hill said capital spending and exports would pick up under the Perot plan and make up for the cuts in government

and consumer spending. The company said that over four years the budget deficit would rise \$4 billion under Mr. Bush, decline \$32 billion under Mr. Clinton and fall \$491 billion under Mr.

PeroL Advisers to Mr. Clinton said the Demo-

crat's initial economic measures would include: • A total of \$5 billion in tax hreaks for

business investment in new plants and courinment • A break from the capital gains tax for starting new businesses, if the investment is

for more than five years. Acceleration of Mr. Clinton's \$20 billion program for transportation and other public

years ago when her fourth hus-been no reason, or justification, for band, Richard Kelley, began taking pulling any records on Mr. Clin-

investigation.

pulling any records on Mr. Clin-ton's mother. The State Depart-ment spokesman, Richard A. Bou-

cher, declined to answer any

questions on the matter, saying he

would not comment until the com-

pletion of the inspector general's

The State Department officials who searched the files on Sept. 30

and Oct. 1 worked for Elizabeth M.

Tamposi, a former New Hampshire legislator, real estate executive and

works projects, to speed up the awarding of contracts and creation of jobs.

Page 3

Gene Sperling, who helped create many of Mr. Clinton's position papers, said the Democrat would also try to ease what many people believe is a tight credit market to take away bottlenecks that keep people

from getting loans." Mr. Sperling said Mr. Clinton would "be elevating those things that are job-creating to the front of his agenda."

It will not mean that Mr. Clinton will go along with any increased deficit spending, certainly not the \$50 hillion some want, he

"It is pay as you go," Mr. Sperling said: To offset the costs of what he has proposed. Mr. Clinton is supporting increased taxes on the wealthy and transferring some military spending to domestic programs.

The levels seem in line with what Congress would accept. Both the tax incentives and the increases on the wealthy are not much different than a tax bill Mr. Bush vetoed earlier this year. (Reuters, AP)

heban, a former employee of her

family's real estate firm, and two

career State Department employ-ces, Carmen DiPlacido, then acting

deputy assistant secretary for pass-

port services, and Richard P. McClevey, chief of the Office of

Program Support Services. After a four-hour search that

ended at 10 P.M. on Sept. 30, they

returned the next day and were joined by Michael Brennan, anoth-

er political appointee who is the

chief spokesman in consular af-fairs. Mr. Brennan is the son of

retired Colonel John V. Brennau of the Marines, who is President

George Bush's director of White

House administrative operations

**Clinton Files 'Disappointed' State Dept. Aides** 

sponse to Freedom of Information the country until about six or seven ous" and said there would have

By Walter Pincus and Michael Isikoff

Washington Post Service WASHINGTON - During an onusual nightrime search of old passport files for material on Governor Bill Clinton, State Depart-ment officials, including two political appointees, were "disappointed" at how little infor-

mation they turned np, according to National Archives sources. A National Archives memo of

the incident, described by sources to The Washington Post, offers new details about a two-day search at the National Records Center, run by the archives in Suitland, Maryland, for politically damaging information on Mr. Clinton. The search was directed by senior officials in the State Department's Bu-

reau of Consular Affairs and included a foray into files on Mr. Chinton's mother.

An archives source said that, while looking through the files, members of the State Department search team were disappointed that there was not more correspondence

in the boxes. The disclosure that department officials had sought passport files on "Virginia Dell Blythe" and "Virginia Dell Clinton" triggered a chorus of criticism from Democrats, a stinging rebuke hy Mr. Clinton's mother and instructions hy acting Secretary of State Lawrence S. Eagleburger to expand a department investigation into the handling of the Clinton files.

cratic Party is making substantial gains in voter registration - a key State Department officials have said the searches for records on Mr. Clinton were conducted in re-

indicator of political strength --- in almost every section of the country except the South. The most dramatic Democratic gains have been in the West Coast states and Rocky Mountain states, where Republicans has held sway

## Clinton Already Being Lobbied on China Trade

#### Washington Post Service

leaders are not waiting for the results of the Nov, 3 election to begin pressing the Demo-cratic nominee, Bill Clinton, to abandon his threat to link U.S. trade with China to the

Last month, Mr, Clinton denounced President George Bush's support for renewal of the privileged trading status and endorsed legislation that would condition such a re-

newal on improved Chinese behavior on human rights, overseas arms sales and fair trade. R. K. Morris, the group's director for inter-national trade, said it would speak out on China trade partly because the issue is expected to be "very high profile" next year, regardless of who is elected president. The statement also sends a signal to Mr. Clinton not to hold the trading relationship hostage

to other issues, "We believe that China's participation in international trade is going to do more to promote human rights in China than cutting off trade," Mr. Morris said.

The statement said that the imposition of conditions "has been ineffective in achieving change."

It added, "American values in areas such as human rights will be more effectively advanced if American companies are actively engaged in China."

"Trade issues like this are a real test of \_ Clinton's leadership ability," said Robert A. Kapp, executive director of the Washington State China Relations Council, a private" sector, nonprofit group promoting trade with China

for the passport records on Mrs. Kelley was part of a "rontine" ef-fort to determine if any material on Mr. Clinton had been misfiled under her name. He also said that the officials searched "around" Mrs. state Republican finance chairman Kelley's files but did not actually who since October 1989 has served

Act requests filed by three news organizations in September. But none of the three requests sought none of the three requests sought her along on business trips con-information on Mr. Clinton's nected with his food brokerage company. Since then, she said, she mother, who is now known as Virginia Dell Kelley. has been to London twice, Paris, The requests were filed by news organizations in response to ru-mors, fed in part by Republican in the incident said that the search campaign officials, that Mr. Chinton once had explored changing his citizenship during the Vietnam War, Mr. Clinton has denied this, and no evidence to support the alle-

gation has surfaced. It is unclear what, if anything, State Department officials thought they might find in Mrs. Kelley's passport files. Mrs. Kelley said the State Department passport of- on Sept. 30 included Mrs. Tampo-Thursday that she had never left fice called that account "preposter- si's personal assistant, Steven Mo-dent Richard Nixon.

By Daniel Southerland

PITTSBURGH - American husiness Beijing government's progress on human rights and other issues,

Directors of the National Association of Manufacturers, the leading lobhying group for the manufacturing industry, are prepared to come out in favor of most-favored-nation trading status for China, with no conditions attached, at a board meeting in Pittsburgh.

look through them. as assistant secretary of state for But one former senior official in consular affairs. The search team

#### Will the Real Candidate Please Speak Up?

WASHINGTON - White House officials say they have scrapped plans for James A. Baker 3d, the president's chief of staff, to give a speech outlining the future domestic policies of the Bush administra-tion. They said they feared that if Mr. Baker were to give such a

speech, it would only raise uncomfortable questions. White House officials have begun to see a stream of editorials and cartoons lampooning Mr. Bush for having to use Mr. Baker to persuade voters that the president had a domestic policy program. The theme of the cartoons was that if Mr. Baker was needed for such a task, why not dispense with the middleman and just make Mr. (NYT) Baker the candidate for president?

#### Quote-Unquote

George Bush, on the stump: "Character counts. Character matters. You cannot be all things to all people, and yes, it matters." (AP)

#### Away From the Hustings

• Astronauts aboard the shuttle Columbia deployed the Laser Geo-dynamics Satellite, or Lageos, studded with 426 prisms. Lageos is identical to a satellite launched on an unmanned rocket in 1976.

A comet named Swift-Tottle could collide with Earth on August 14, 2126, but it's only a snowball's chance, according to the International Astronomical Union in Cambridge, Massacht

• At least 1,470 children died from Reye's syndrome because of a nearly five-year U.S. government delay in requiring warning labels on aspirin, according to a study published Friday. Doctors have reached a consensus that the use of aspirin to treat fin and chicken por could cause Reye's syndrome. The children suddenly become lethargic and sink into comas. Many die within a few days.

• A U.S. Army sergeant was charged with espionage for providing military secrets to agents for Hungary and Czechoslovakia from 1985 through 1988. The FBI arrested Sergeant Jeffrey Stephen Rondeau, 29, in Tampa, Florida.

• A proposed Mississippi desegregation plan would close one of the state's three black colleges and merge another with a predominantly white university. The trustees of Mississippi's eight-campus public university system offered the plan to a U.S. District Court in Oxford.

A convicted double marderer was executed by lethal injection in Raleigh, North Carolina, John Sterling Gardner, 34, was sentenced to death for killing two restaurant employees in 1982.

• Rick Springer, an anti-nuclear activist who shattered a crystal eagle on a podium in Las Vegas where Ronald Reagan was speaking last pring, admitted to a charge of interfering with the Secret Service.

A lawsuit demanding more effective lead poisoning tests for poor children has been filed by the NAACP in Dallas. It would force the government to use more accurate tests nationwide.

 The Pentagon has awarded a \$550-million contract to Bell Helicopter-Textron Inc. and Boeing Helicopters for the development of the V-22 Osprey tiltrotor aircraft. Although President George Bush and Defense Secretary Dick Cheney opposed the aircraft Ior years, they did a turnabout in July.

• Los Angeles teachers rejected a contract proposal that provided for a 9-percent pay cut and authorized a strike that could shut down the huge school district.

AP, WP, LAT, NYT, AFP state.

ades. In additi the first time in a generation, Democratic voter registration gains were based on large numbers of new white voters to bolster the party's expanding base among black and Hispanic constituencies.

**Democrats** 

Make Big

Gains on

Voter Rolls

By Thomas B. Edsall

Washington Past Service

WASHINGTON - The Demo-

"We broke the barrier, we are No. 1," said Howard Gelt, Democrafic Party chairman in Colorado, where as of Oct. 2 Democrats outnumbered Republicans 652,717 to 649,619, overturning the relatively strong 653,464-598,641 Republican advantage in 1990. Bruce Benson, chairman of the

Colorado Republican Party, said Democrats benefited from competitive primaries both at the presidential level and for the Democratic nomination for the U.S. Senate, which bolstered voter interest.

The pattern of Democratic voter registration gains was, however, true in virtually every state that has partisan registration - some tates, such as Illinois, do not have it. Two exceptions were Florida and North Carolina, where the

steady crosion of the overpowering Democratic registration advantages continued from 1990 to 1992.

The Democratic gains are partic-ularly damaging to Republicans in the West, where they had been making steady advances in electing candidates and in the way voters describe their party affiliation to poll takers. In Wyoming, for exam-ple, election officials said that from 1990 to 1992, Republican registration remained virtually the same at just above 125,000, while Democratic registration rose to 83,331, from 77,140, an 8-percent increase.

In terms of long range conse-quences, by far the most important trend in registration emerged in California, which has 54 electoral votes, the largest in the nation.

There the Democratic Party chairman, Phil Angelides, called a press conference to announce a "historic turnaround," reversing the trend of steady Republican ins. California Democrats added 1.2 million new voters from Feb. 2 to the close of registration Oct. 5. That is twice the number of new Republicans, 523,197. Throughout California, the new

Democrats added to the rolls pushed the party's share of the elec-torate to 49.1 percent, from 48.4 percent, while the Republican share fell to 37.0 percent, from 39.1 percent, according to Democratic calculations.

The Democratic gains in the West appeared to be to replicated, at least modestly, in the Middle. west and the East. A check of the four most populous counties in Kansas, for example, showed the number of Democrats growing by 22,838 compared to 18,084 for the Republicans. The difference becomes even more significant in light of the fact that Republicans have held a solid 3-2 edge in the easiIready ne.



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HONG KONG - Governor Chris Patten struck back at his Chi- press." nese critics on Friday, mocking Beijing's record on human rights and implying that China might foment unrest in the colony in order to undermine popular support for his proposed democratic reforms. ... Returning to Hong Kong from Beijing after three days of criticism Chinese hosts and weeks of abuse at the hands of the colony's pro-China press, Mr. Patten let his anger show at a dinner sponsored by the Freedom Forum, a U.S. charitable foundation devoted to promoting freedom of speech.

The foundation's chairman read a recent description of Mr. Patten by the Chinese state news service as "rude and arrogant."

Mr. Patten responded: "The day something from the New China News Agency sounds flattering is the day I will start worrying. May-be one day I will enjoy an encomi-um from that bastioo of the free

Later, referring to Beijing's de facto ambassador in the colony, Mr. Patteo said, "Maybe yoo

make a speech about the free

Alluding to his proposals to increase representative government in the colony before it is returned to China in 1997, Mr. Patten stressed that Hong Kong's economic success had been inextricably linked to its status as a free society.

**THREAT:** China Raises Stakes

but was prepared to go ahead without it.

He acknowledged that China could dismantle the electoral system after 1997, but felt it would be unlikely if Hong Kong residents approve of the changes. I do not believe that it is com-

monly the practice to change things that work well," he said. "People in Hong Kong are perfectly capable of taking a greater share in managng their own affairs in a way that is responsible, mature, restrained,

He also rejected China's asser-

## VODKA: In the New Russia, Problems With Drink Are Worse Than Ever

#### (Continued from page 1)

ta now than in 1984. But they are drinking just as much vodka, even though its price has gone up con-siderably. And more of the vodka consumed is samogon, bome brew of dubious quality. Unknown numfers of people continue to get their lcohol, and their early deaths, from dangerous or poisonous sub-stances from anti-roach chemicals to gasoline.

Today the patterns of drinking are also more dangerous than be-fore the reform," said Vladimir G. Tremi of Duke University, an econ-omist and expert on Russian drinking. Although in some wine-drinking countries more pure alcohol is consumed per capita than in Rus-sia, the pattern of drinking -- often with food and family - is safer, he and others say. "Drinking large quantities of distilled liquor in a short period, which is typical of Russia, is the most dangerous," Mr. Treml said.

Russia, after all, is the land of the ing to the acwspaper Moskovsky chev's campaign -- which included endless toast, of male bonding Komsomolets, as many as 30 mil- a ban on sales of drink, and eau de

be emptied. "Samogon left in the bottom of the glass is bitterness thrown in the face of a friend," the saying goes, and there is still significant social sympathy for those who find that the pain and tragedy of life is best resolved through alcobolic oblivion.

weaving along the street; the long lines at state liquor stores during work hours; the sharp smell of vod-Vodka is cherished, almost akin to patriotism, and the poorest famka on the breath of office workers will break out a bottle for guests.

in the morning as they crush into Vodka is a diminutive of voda, or an elevator. water, and is regarded as just as natural a part of life. Around it, as around wine in the West, much In Moscow alone, about 1,000 seriously drunk people are picked up off the streets each day because romance has grown, and aficionathey are judged to be a danger to dos argue passionately about which themselves or others. About half of vodka from which distillery is the them are employed; I percent are women. Colooel Gunenkov acmost flavorful, smooth, pure. There are many different brands and flaknowledges that the figure of 1,000 vors: lemon, pepper, fruit, buffalo grass and a "hunter's vodka," deep brown with herbs and spices. is a bit arbitrary: the 28 drunk tanks in Moscow, including one for

women, have about 1,000 beds. The love of "little water" has had horrifying consequences. Accord-Everyone agrees that Mr. Gorba-

## SOMALIA: Glimmers of Improvement in Bleak Land

#### (Continued from page I)

whose workers have been picking up bodies every morning since July and taking them to four vast graveyards. "They were the weakest. In all, 1 think about 25 percent of the population has died." On Thursday morning, 48 of the

65 dead were adults. Many, Mr. Ahmed said, had died from mahnutrition-related diseases and were not receiving medical care.

According to calculations by the

key to large-scale food deliveries, ers were evacuated from Baidoa has been operating intermittently. The capital's airport was closed this week because of fighting. Airlifts to two large towns, Belet Uen and Bardera, have been stopped in the last 10 days because of clan war-.fare

United Nations troops, sent to Mogadishu last month to protect food convoys from being looted, did remain at their base, mired in wrangling with local warlords and gon-

last week when it seemed that fighting in Bardera, 260 kilometers southwest, might spread here. In Bardera, General Mohammed Siad Barre Morgan, the son-in-law of the deposed president, Mohamed Siad Barre, last week defeated

HA MAURG

the troops of one of Somalia's main warlords, Mohammed Farah Ai-Much of the destruction in Bai-

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Russia. In 1990, they were up to 335,000, made worse, the police el's 1980 annexation of East say, by price rises, instability and Jerusalem, which the Vatican does the general breakdown of social not acknowledge. discipline. Russian experts agree After the start of the latest U.S.cipline. Russian experts agree with Mr. Treml that renewed heavy drinking of vodka is the prime reason that male life expectancy is said the Vatican wanted to insure falling again in Russia, as it has for

campaign," Colonel Gunenkov shrines in Jerusalem. said, "is that it was oot a struggle against alcoholism, but against al- bored a profound, personal desire coholic drinks." Grand plans for more counseling

and health care, youth clubs and cutertainment centers and especialmore and more attractive bars. where people could drink in a social setting with food and monitored by bar workers, all collapsed tears." for lack of funds. Government revdeficit, setting off inflation, and so much samogon was being made that sugar had to be rationed. The whole campaign against

drink - known as zelvoni zmei, the visions produced when drunk was abandoned in 1988.

are disgusting," said Anatoli V. Pe- ing the Japanese occupation and trovsky, buying volka from a side- said the past experience would

(Continued from page I) sponsored effort toward a Middle East peace, however, diplomats

that it had some access to both "The problem with the 1985 as the rights of worshippers to visit Pope John Paul II has long har-

to emulate Pope Paul VI's journey to Jerusalem in 1964.

"It was a very, very emotional conversation," Mr. Peres said on Israeli radio after meeting the Pope. "When I gave him the invitation, he was almost moved to

Vatican officials said it was unenues dropped, the Central Bank clear whether the Pope would un-started printing rubles to cover the dertake such a journey before the dertake such a journey before the establishment of diplomatic relations - a process that Mr. Peres said could take two years.

(Continued from page 1) "Unfortunately we still have ized relations in 1972. Mr. Yang, very lew decent outlets for drinking too, made note of the "untold suf-Moscow and Russia, and most ferings of the Chinese people" dur-

nese school children waving the country. A medical researcher in white-and-red national flag. They Shaoghai has said he will go on a were whisked into downtown Beij- fast and immolate himself if the peror in a black Mercedes, the em- strocities. press in a black Cadillac.

ing in a 61-car motorcade, the em- emperor did not apologize for war To be sure, most Chinese admire

Tiananmen Souare, the site of an

## The British newspaper said that Mr. Delors, a French Socialist who

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(Continued from page 1) as a liberal." But Mr. Bush is also reflecting the ideological strains in his own party, which is struggling to hold together its coalition with out the glue of anti-Communism or a strong economy, and with the abortion issue increasingly divisive. The party's attempt to use "family values" backfired badly after the

convention in August. Instead of a rollicking ideological assanht, Mr. Bush has focused on character. He talked about Mr. Clinton as a walfler, a man engaged in "a pattern of deception," a man who wanted to have it both ways even on something as clear cut as the use of force in the Gulf War. At every stop, he read Mr. Clin-

ton's statement on the war: how he would have voted with the major ity, but understood the concerns of the minority. And the president talked of his own hard decision to send "your sons and daughters" into war.

"It's a proud moment," he said of the victory in the Gulf, "and don't let them try to convert it into something bad."

Mr. Bush also spoke with evident pride "that these high school kids here go to hed at night without the same fear of nuclear war that their older brothers and their SISTERS

short period of time" - perhaps before Nov. 3. He added that he has often been mentioned as a potential successor to President Franwas hopeful it would be acceptable cois Mitterrand, felt that Mr. Mac-Sharry had already yielded too to France. "We are in a Communi-ty of 12, of course," he said.

Community officials said that much to the U.S. position. A comwhile the American negotiating team had flown home from Brussels Thursday after the talks on farm subsidies and cereal and oil-

political level, "The technical talks had gone as far as they could," one official noted. "It is now a question of a political breakthrough. Adding to the present uncertainty, U.S. officials say they have perceived different positions within

the Executive Commission's leadership. The Financial Times went further, reporting a "bitter split" on the farm subsidies issue between Mr. MacSharry and the Commission's powerful president, Jacques sions" by the European Communi-

## seeds substitutes collapsed, the deadlock could still be broken at a

men.

from Brussels.

But Britain's trade and industry secretary, Michael Heseltine, said in a BBC radio interview that Mr. Delors "is of course very close to the French interests on this matter and he has therefore conflicting in-

mission spokesman denied any

such differences between the two

terests." And, during a visit to Par-is, Mr. Delors himself questioned the more up-beat tone emanating

He said that an accord would give "a positive signal in a gloomy economy climate," but he argued that it required "balanced conces-

Delors ty and the United States.

green serpent, both for the coils of AKIHITO: 'Deep Sorrow' but No Apology to China

Red Cross, more than 20,000 peo-July. About 100,000 Somalis are troops had lost "the psychological estimated to have died of bunger impact of their presence." since early this year.

continued to deliver food to Baidoa, other vital supply lines remain blocked by fighting. The port in the capital, Mogadishu, which is the

AMSTERDAM

International Committee of the men about how they should be deployed. The Red Cross said that by after their defeat in January 1991. ple have died in this town since staying in their barracks, the 500

And while an international air-lift, led by the United States, has tore this town and the surrounding countryside to shreds earlier this year.

TOKYO

Hanging over Baidoa is the fear

**RELIGIOUS SERVICES** 

Half of the 60 foreign aid work- the relief effort.

doa was done by the troops of the walk group. A to beer hall."

Many of the local people said kicsks - selling cigarettes, clothes, development of friendly relations. Many of the local people said they feared a reprise if General Morgan advanced on Baidoa. To Mr. Ahmed, the lack of movement by the United Nations toward a political and military so-Intion is the greatest impediment to the relief effort. wholesalers.

BRINGER S

walk kiosk. "A normal person is serve as a good guide for the future. But he also told Akihito that the the pro-democracy demonstra- work ethic. When they go shop-It is these thousands of private visit marked a new stage in the

the red carpet for its most promi-nent foreign leader since Chinese

roof of the Great Hall of the People and the echoes that reverberated from the 21-gun salute. For most here, the emperor's vis-

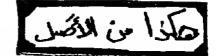
pan occupied Manchuria during World War II have deep distrust for the Japanese. But Beijing's leaders rolled out it will only serve to evoke memories While some of Japan's most bruof the bitter past. A magazine published a recent survey saying 90 tal actions in China are glossed North Carolina. percent of the people want an apol- over in Japanese textbooks, Chi- "I want to win soldiers opened fire on pro-democ-racy demonstrators three years ago. Akihito and Empress Michiko seeking war reparations and a for-books are filled with detailed ac-books are filled with detailed ac-

had." But the president's speeches are tions, was closed to the public for ping, they like to buy Japanese

from clothing to televisioo sets. Af- testimony to the electorate's dethe welcoming ceremony. On the from clothing to televisioo sets. Af-coldest day so far this year, the ter the United States, Japan is the manding focus on domestic issues afternoon silence was broken only country where many Chinese stu-by the fluttering of red flags on the dents would most like to study. this year. A man who revels in foreign policy clearly feels be can At the same time, even Chinese speak of it only in passing. who were not even born when Ja-

With foreign policy margina-lized, and with ideology muddled, Mr. Bush's appeal in the end is almost starkly personal: "Charac-ter counts," be said in Thomasville,

AMSTERDAM	TOKYO ST. PAUL INTERNATIONAL LUTHERAN	HAMBURG INTERNATIONAL BAPTIST CHURCH OF	THE INTERNATIONAL PROTESTANT	arrived on a chartered J		a apology have gathered	at least counts of	the widespread geno		continue to serve the		
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userstraat 3, 5. Amsterdam info. 2940-15316 or 02503-41399.	EUROPEAN	Tel.: 040/820616.	tenberg, 19 (at the Int. School). Tel. 673.05.81. Bus 95. Tram 94.									753.5
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## Page 5

In addition, they noted, the first

identified case of AIDS was in a

merchant seaman who died of the

disease to 1959. The man had trav-

eled to Africa in the 1950s, but he

was living in Manchester, England,

by the first half of 1957, when the

Genetic Advance

Los Angeles Times Service

LOS ANGELES --- Researchers

The discovery should provide

strong new clues about the devel-

opment of Alzheimer's. The new

gene, whose approximate location was reported Friday in the journal

Science by a team from the Univer-sity of Washington, is the third, to

be linked to this devastating illness

and suggests that the cause of Alz-

heimer's may be far more compli-

window on the disorder," said Dr. Gene Cohen, acting director of the National Institute on Aging, "The more windows we have, the more

The discovery represents "a new

cated than previously believed.

Is Near on Form

**Of Alzheimer's** 

Therefore, it can be stated with

polio vaccinations began

## 'aris Court entences **x-Officials** )ver Blood **Vith AIDS**

By Marlise Simons New York Times Service PARIS - A French court conrted three former health officials iday on charges of distributing nted hlood that resulted in the fection of more than 1,250 hemo-uliacs with the AIDS virus. Of e victims, 273 have already died. The case stirred outrage in rance after an official investiga on showed that senior health offiils ordered the continued use of ie blood stocks even though they new them to be contaminated and rocedures to detect and eliminate ie virus were available.

The court sentenced Michel Gan :tta, the former head of the Naonal Blood Transfusion Center, four years in prison, and his eputy, Jean-Pierre Allain, to four ears, two of them suspended. The wo men, both doctors, were or-lered to pay the equivalent of \$1.8 nillion in compensation to victims nd their families.

Dr. Garretta, who is working in he United States, was also fined -00,000 francs (\$100,000). Of the wo other defendents, one received lour-year suspended sentence

I lour-year suspended sentence ind one was acquitted. Many French people, including amilies of victims, are angry that ormer cabinet ministers were not charged for their political responsi-pility in the 1985 episode. During the six-week trial this summer, Ed-mond Hervé, who was deputy health minister in 1985, stunned the court with his testimony that he court with his testimony that he and others in the government knew that all blood stocks were contaminated more than four months before they were ordered withdrawn But lawyers' efforts to bring

Bur Reastan

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tre Chester

Added that

three former cabinet ministers to trial, among them former Prime Minister Laurent Fabius, failed in a parliamentary commission last week

As the court read its verdict, relatives of AIDS sufferers in the room sobbed, and one of them cried out: "The state is a murderer, and the judicial system is its accomplice!" Thierry Choquot, a 31-year-old hemophiliac who was infected with the AIDS virus, said afterward that he was satisfied. "I had not expected this much," be said. But outside the Palais de Justice,

activists of an AIDS awareness group staged a loud protest, and family members of hemophiliacs

 expressed anger and pain.
 "It's a parody of justice." said
 Marie-Christine Lesne, whose 14year old son contracted AIDS from the tainted blood. "When you take a gun and pull the trigger, you are aware that you have killed and you go to jail. These people were all



Police dragging away demonstrators outside the Palais de Justice in Paris after the sentencing of the former health officials.

## Mobs in Germany Attack 2 Immigrant Hostels

ny this year.

BERLIN -- Mohs shouting "Germany for the Germans!" hurled rocks and gasoline bombs at ermunde near the Polish border. about 20 rightists shouted racist slogans and threw stones at a hostel two immigrant hostels and attacked a group of foreign students in Eastern Germany on Thursday night and early Friday.

Young Germans attacked the students in front of their residence in the northeastern town of Greifswald and drove them back inside, a police spokesman said.

The police arrived in time to prevent a major brawl htt were pelted people were detained for disturbing

plex occupied hy Vietnamese in

with rocks and gasoline bombs by the rioting Germans. A total of 15 bomhing Friday at a former Nazi

for foreign asylum seekers, the police there reported. Four people were detained. Youths threw three gasoline bombs into a public housing com-

Bergern near Weimar in the south of Eastern Germany. A fire was put quickly, and there was no notahle damage.

concentration camp near Berlin,

the peace. No serious injuries were the second such attack in a month. aimed at discouraging young peo-reported. A guard at the former women's ple from taking part in racist at-In the Baltic coast town of Ueck- camp in Ravensbrück saw a man tacks. Imitating the cover photorunning away on Tuesday evening after two firebombs were thrown. Damage was small.

A police spokesman could not explain why news of the attack was not issued earlier and only came in reaction to a report to be published to the leftist daily Tageszeitung on Saturday. Firebombs destroyed

barracks at the former Sachsenhausen camp last month. Violence against foreign refugees and residents has plagued Germa-

united in an advertising campaign under 21.

graph of the Beatles' 1960s alhum "Help," the advertisement shows the singers Udo Lindenberg, Peter Maffay, Marius Müller-Western-

The Interior Ministry said it was German rock music stars have responsible for racist attacks were

By Gina Kolata New York Times Service NEW YORK -A group of expert scientists has concluded that a provocative hypothesis that AIDS originated as a contaminant in polio vaccines is highly improhable. The group nonetheless recom-mended that vaccine manufacturing be changed, just to be safe. Viruses for vaccines are currently

grown in tissues taken from newly killed animals. The group recommended that instead they be grown in cells cultured to the laboratory, which can be more easily checked for the pres-

ence of contaminating viruses. The scientists were called together by the Wistar Institute, a research center in Philadelphia and an original maker of polio vaccines, to resolve a smoldering debate over a theory on the origin of AIDS. The hypothesis was advanced in the March 19 issue of Rolling Stone

magazine by Tom Curtis, a free-lance reporter, and has received idespread publicity. Mr. Curtis argued that some lots

of live polio vaccines that were giv-en to Africans in 1957 were tainted with monkey viruses similar to the human immunodeficiency virus that causes AIDS. And the monkey viruses got into the vaccines, he proposed, as a hidden contaminant of the monkey kidney cells used to grow batches of polio virus.

Once the monkey viruses entered the human population, he ssid, they gradually evolved into the human immunodeficiency virus, known as HIV.

Mr. Curtis noted that many scientists believed that HIV originated from a monkey virus in Africa and that the Congo, the area where the AIDS epidemic first broke out, was the place where 300,000 Africans were given a live polio vaccine

Dr. Clayton Buck, a panel mem-ber from the Wistar Institute, said the center had sought an indepen-

dent scientific assessment of the hypothesis as a public duty. The Wistar's former director, Dr. Hilary Koprowski, developed the polio vaccine used in Africa. "We had to at least investigate the possi-bility," that the hypothesis was cor-rect, Dr. Buck said. Dr. Frank Lilly, a committee

**AIDS Origin Theory Doubted** 

But Scientists Urge a Polio Vaccine Change 👒

member from the Albert Einstein almost certainty that the large policy vaccine trial begun in late 1957 in College of Medicine in New York City, said: "I: was actually a plausi-Congo was not the origin of AIDS," the committee wrote." ble hypothesis. We were not hostile

But Dr. Eckard Wimmer, a committee member from the State University of New York at Stony Brook, said that after examining the evidence, the group had con-cluded that "the hypothesis is so unlikely that we don't have to take it seriously." Essentially, the scientists con-

cluded that the only way the hypothesis could be correct was for a are close to identifying the gene uence of four improbable events responsible for an inherited form of to have occurred; Alzheimer's disease that strikes early, typically at about age 45.

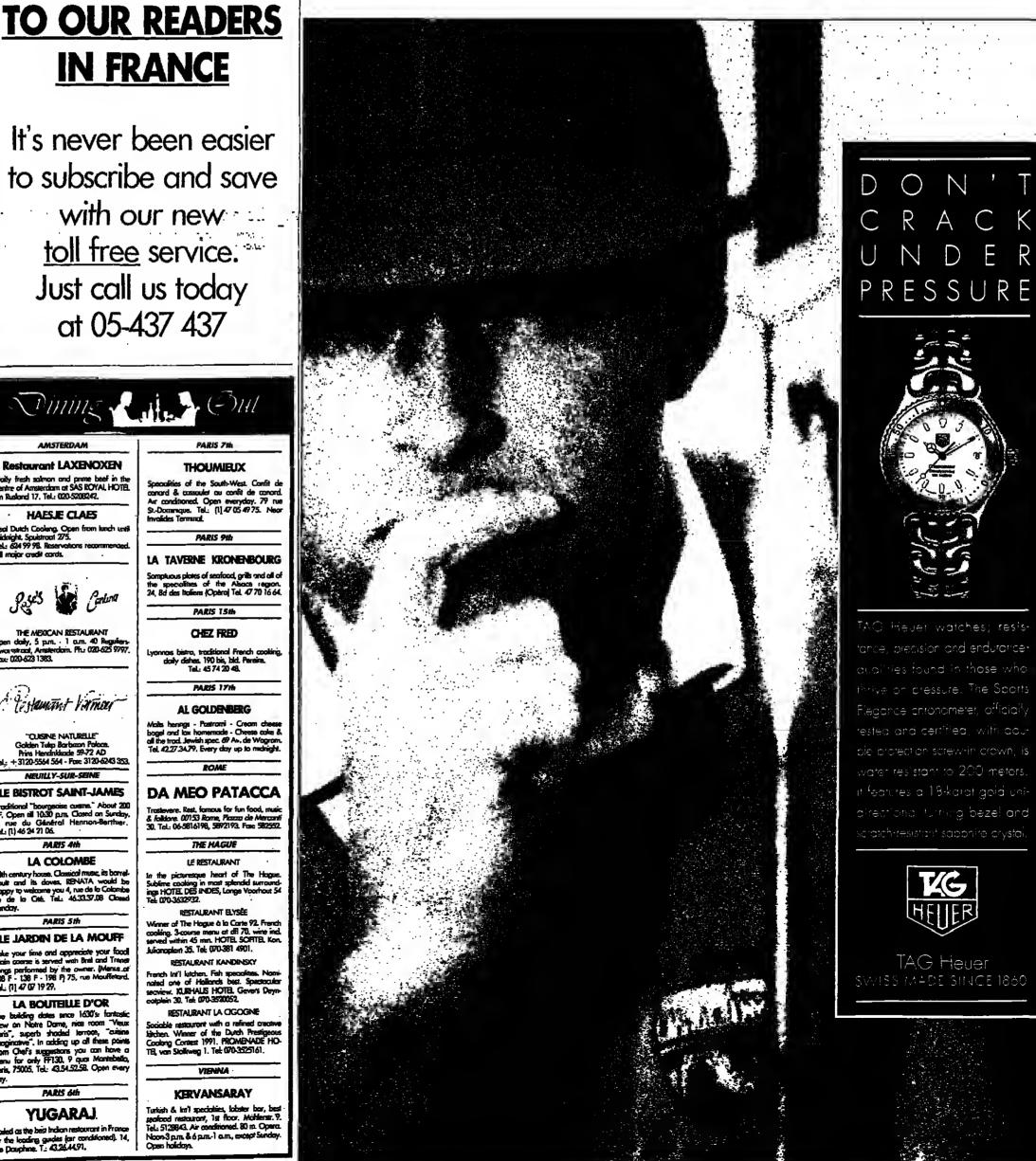
 The monkey AIDS virus grows in some kinds of cells of the animal, but not those of the kidney. The vaccine would have to be contaminated with these other cells. Furthermore, the fragile virus would have to survive unscathed after at least two cycles of freezing and thawing and a 300-fold dilution. the steps taken to make the vaccine, The virus would have to infect people through sores in the mouth. since it is not transmitted through intact skin.

• The virus, though used to liv-ing in monkeys, would then have to be able to multiply in humans. · The virus would have to mu-

likely we are to see something that tate into HIV, a process that many is fundamentally critical" in delay scientists think would take decades ing the disease process, the ultimite or even centuries. goal of Alzheimer's research. The group concluded that the The potential identification of chances that this chain of unlikely

the gene also reflects the emerging consensus that Alzheimer's is, in-deed, genetic in origin and not in; events occurred and led the AIDS epidemic is "extremely low." They wrote that "almost overv step in this hypothetical mode of

duced by some external factor, mission is problematic.' such as toxins in the environment



in 1957.

hagen and Wolfgang Niedecken posing side by side with arms ex-tended. It accompanies an appeal to re-sist racism signed by 200 German musicians, sponsoring the campaign in youth magazines hecause police figures showed that 80 percent of those

aware that they were killing." Joëlle Bouchet, whose 17-yearold son, a hemophiliac, is dying of AIDS, said the verdict was mini-mal. "What do you give for my son's life, four years to jail?" she said.

Mrs. Bouchet said she was shocked that the court had placed all the responsibility on Dr. Garetta, rather than holding higher government officials accountable for their actions.

Although the court heard a long line of witnesses, none of the health officials explained fully why the tainted blood stocks were not withdrawn until October 1985, even though in May of that year blood bank officials knew of the contamination of the blood proteins that hemophiliacs need.

One reason given was that the National Blood Transfusion Center was under pressure from the Health Ministry to become profitable and to compete better with France's neighbors.

In its verdict, the court said the accused had deceived hemophiliacs and their goal was to fonl them until tainted blood stocks were used up. "If fully informed, the hemophiliacs could have made a different decision," the court said.

#### Doctor to Surrender

Dr. Garretta, whose lawyers said he would appeal the verdict, is liv-ing in Brookline, Massachusetts, The Associated Press reported from Paris. The court issued a war-rant for his arrest, and French teleion quoted his wife as saying he and surrender promptly. I think it's political, the judg-

ment," she said by telephone from their home.

U.S. Embassy officials said Dr. Garretta applied for the work visa in February, before his trial. The The will now be reviewed, a spokesman said. Privacy regulations pre-vented him from identifying Dr. Sairretta's employer.

#### Paris Expelling 4 As Russian Spies

PARIS - France said Friday that it was expelling four Russian intelligence agents for obtaining searet documents on French nuclear A Foreign Ministry spokesman

said the Russian charge d'affaires. Oleg Krivonogov, was told the four, who were not identified, must eave France by Nov. 1.

A 35-year-old nuclear physics ingiteer at the Atomic Energy commission Francis Temperville, vas charged last month with selling apers on French atomic testing at Aururoa Atoll in the South Pacific o the former Soviet Union in 1989 nd 1990.



Auction: London, 30 November 1993 at 7.00 p.m.

Viewing:

Zurich, Kunsthaus, Vortragssaal,

1-3 November

New York, 12-15 November

Tokyo, 18-19 November

London, 23-27,29 November

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## **CEZANNES** from the PELLERIN COLLECTION

Foul Cozaniae (1839-1906). Cosy Raimenns, off on convas. 28 5x 29 sm. (160 7 (174cm) Painted view 1880-81 Estimate \$2,800,000-3,600,000.

## A Malaga Beach Boy Named Pablo

#### By John Russell New York Times Service ALAGA, Spain One of the more unexpected cultural re-

ART

versals of the last half-century in Europe is the appearance in Malaga of a large and erious exhibition devoted to paintings, drawings, etchings and sculptures hy Pablo Picasso.

Backed by the Junta of Andalu sia, it is the joint achievement of Carmen Gimenez, a Spanish curator now on the staff of the Guggenbeim Museum in New York, and Gary Tinterow of the Metropolitan Museum of Art.

For this show, which is on view through Jan. 11, a splendid new gallery has been created in the re-modeled interior of the Arcbbishop's Palace. The baroque facade (late, but seductive) has been kept intact, with its subtropical overtones of red and yellow. So have the plain but noble staircase and the single palm tree that shoots up skyward in a very small interior court-yard. Thereafter, all is bare, white, well lighted and well proportioned. To a degree unimaginable even a eration ago, great museums and generation ago, great museums and discerning private collectors, both in Europe and in the United States, have lent to Malaga Furthermore, "Picasso Clásico"

has an original subject, and one ide-ally suited to its location. Its pur-pose is to examine the impact upon Picasso of myth and legend, poetry and drama, as they had proliferated in ancient times on the northern shores of the Mediterranean.

T is a remarkable turn of events. Not so long ago, solic-ited leaders would have said no, almost without exception, to the idea of Malaga. It might have helped that Picasso was born in Malaga. But the city has no history as a major exhibition center. It was a further obstacle that Picasso left Malaga in 1891 at the

age of 10 and never had a good word to say for it. Return visits in his late teens were brief and did nothing to endear Malaga to Picasso (or him to Malaga).

Nor did the authorides of Malaga pay any attention to its most famous son until Picasso was 80, in 1961. On both occasions (as we know from John Richardson's recent biography) the city fathers traveled from Malaga to Picasso's home in the south of France in hopes of presenting him with what they regarded as an appropriate gift. In 1961 he made fun of them. In 1971 he wouldn't even see them. Times have changed, however,

Gradually Malaga has woken up to the practical advantages of being Picasso's birthplace. Since Picasso's death, in 1973, the existence and the availability (to a large de-gree) of his bugely ramified estate has transformed the situation.

Wonderful exhibitions almost beyond number can now be organized by professionals who have the backing of local governments. The show's sharp focus has evident advantages. The word classic

has many meanings. It can apply to a new regional movement in art and literature, like the one that bur-geoned in Spain in the first years of our century. It can apply to the so-called return to order that was formulated by Jean Cocteau and oth-

ers in Paris after World War L (It was a key event in that movement when, in 1922, Cocteau's version of Sophocles's "Antigone" was put on in Paris with a set by Picasso.) It can also imply a renewed de-light in the Greek and Latin authors to whom so many European Old Masters turned for modvation. And it can be used of images of stability and endurance, like the great heavy-limbed female figures. whom Picasso portrayed during his Foatainebleau period around 1921. Picasso's big women are prisoners of no period and have a timeless air for which "classical" is a favorite

name. As in Old Master painting,

his women are often portrayed by a



Los Ange

loosely be described as classical. Quite often it is relaxed, summery, undemanding. The glorious explo-rations of high Cubism play no part. Nor do the inexthaustible possibilities of still life, of which Picesso was one of the great masters.

ann

In some of the 100 items in the Malaga show, we sense that he was as near as he ever got to taking a vacation. But even the fauns often among the least compelling of his images - can take on a renewed sharpness, as in the illustrations that he drew after World War II for two stories by Ramon Reventós, a friend of his youth.

It can be argued that at certain crucial times in his career, Picasso was better away from the Mediterranean. It was not by the Mediterranean but 1,500 meters (5,000 feet) up in the mountains of north-ern Spain, in Gósol, that his work took an astonishing new turn in 1906. It was in Ceret, in the French Pyrenées, that another decisive turn was taken in 1911-13.

It was in Paris, above all, that Cubism reached apotheosis. It was in Dinard, in Normandy, and not by the Mediterranean that his great beach pictures originated. It was in Royan, on the Atlantic coast of France, that he took stock of the disasters of World War II in 1940.

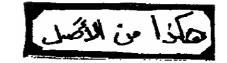
But, all this notwithstanding, he took fire to the end of his days from

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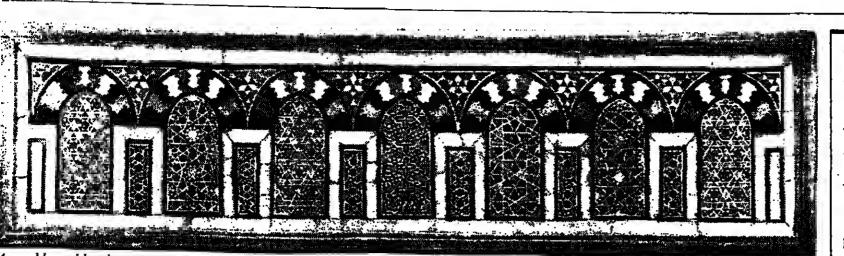
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No.





INTERNATIONAL HERALD TRIBUNE



A marble and hard-stone mosaic panel from Mamhuk Cairo was sold for £71,800 at Christie's.

## Islamic Sales Reflect a Glum Market

Henald Trabum

Pablos

ONDON - Cracks in the art market are widening by the day. Islamic art had its worst week in nany years as Christie's held its atumn sale on Tuesday, which was followed by Sotheby's on Thursday and Friday.

Vague and meaningless as the onventional denomination may be

#### SOUREN MELIKIAN

- no ooe talks about "Christian ut" from Charlemagne to Impresaionism - it covers broad geographical areas. On all fronts, from iran and Turkey to Syria and Egypt, the crisis could be seen to be

aking its soll. More than balf the lots failed to and buyers in both auction houses. Christie's managed to sell £625,000 (about \$1 million) worth of goods, nearly 52 percent of the total knockdown, and Sotbeby's £589,000, 63 percent of the total by value, But abstract figures barely reflect the extent of the deterioration of the market. There are few private collectors in these fields and the rooms, both at Christie's and Sotheby's, were filled with dealers watching in glum silence.

£16,000.

ANY lots fell without any allempt at bidding from those in the room. The start was slow. Eight of the first 10 objects found no buyer at Christie's. A couple of old favorites came of £500, while a London collector unstuck. One was a ninth-century bowl with cobalt blue calligraphy on ivory ground, of a kind invariably labeled "Mesopotamian," implying Iraq in Western art-historical literature even if all related pieces seen in the market come out of Iran. The bowl was unsold at £950, a £1,500 to £2,500 estimate norwithstanding. A lustre bowl of the same period and provenance fell again at £950 - this time the

£1,000 to £1,500), he let go a golden lustre jug, also of the 13th century, for £600 — well below the £1,000 estimate. Ten minutes later, a 14thcentury tray decorated with birds in gray and white sold for £3,300, one-third below the low estimate. Only the utmost rarity allowed some of the more highly priced items to exceed the low estimate. A Syrian footed tray of the 14th century decorated with a whorl of half-

palmette in a style greatly influ-enced by that of Kashan pottery in central Iran, climbed to £10,450. Minutes later, a Syrian vase of the same period, as crude in the execution of its interlacing pattern as it is in its potting, miraculously made it to an ambitions low estimate, set at £27,500, with premium. It was ac-

uired by the same buyer. The going was even stickier for A 13th-century Syrian jug metalwork. Some of the would-be went for £17,600. to date from the seventh century sold for an astronomical £159.500. Later, a Koran from Islamic India

star lots, naively overcatalogued, painfully crashed. A "rare Fatimid and leaves from manuscripts, which have traditionally been the soundest area in the Islamic field, bronze lion" went down the drain at £1,800 (estimate £5,000 to £7,000). So did, at £5,500, a groalso showed signs of market desta-bilization. In one or two cases, tesque "rare West Mediterranean prices exceeded the high estimate only because the cataloguers had bronze lion" which Christie's hoped to sell for £12,000 to failed to detect some crucial detail. Overestimating has a punishing "A fine Qajar lacquer Qur'an bindeffect on objects that would noring" had its signature unread even though it leaps to the eye in a poly-lobed escutcheon. "Written by Abd mally sell. A small Iranian inkwell made in Khorasan in the early 13th

ol-Ghaffar in the sacred month of century was perfectly charming, with its human-headed birds. It Muharram in the year 1212/1797-1798, not "1216"/1801-1802, as elicited no bid and fell at £420. Later, the inkwell was negotiated to misread in the entry." The binding served jug from 13th-century Syria is remarkable, the artist well-known, and the purchase a coup a Paris museum at its low estimate painted in golden lustre shot up to £17,600. On the other hand, some probably made by some Iranian offered to buy it at that price, but adventurous entries were so uncontoo late. The story repeated itself with a Khorasan ewer of the same laughing all his way home at the vincing that the attenders sat starthought of illiterate Western Oriening. This was the case with several period, estimated £3,500 to £5,000, talists unable to read a signature. would-be star lots. A group of sil-' vergilt fittings with niello inlay as-cribed to Eastern Anatolia or There was a surge of uncon-

and sold to a London collector after the sale for £3,200 plus premitrolled enthusiasm over two leaves from a Koran painted in the beauti-ful rounded "Kufic" script cultivatum. Indeed, increasing oumbers of potential buyers now make it their ed in Khorasan in the 9th and 10th policy not to bid at auctions. They approach the auction house after the object they want has been centuries. The cataloguer decided they were from North Africa. Extraordinary for their size, never yet

given by Shah Tahmasp of Iran to stopped dead in its tracks at Selim II of Turkey on his accession, £13,000. This was very far from the was stranded at £170,000. The unboped-for "£25,000 to £35,000." Not all was lost, however, for real estimate read £250,000 to Sotheby's, which had a fluke of £300,000. A remarkable Koran completed in Ramadan 974/Sepluck with a strange tile-mosaic retember 1567, signed on the last vetment panel in a style well known page by Mohammad Qasen ebn-e Malek Hosayn-e Tuni, fell inin emptiness at £38,000, which would from architectural revenments in Isfahan. The outer calligraphic frieze in white or deep-blue stone shows have been a good price, if offered

some signs of weathering on the blue sections but hardly any can be by a buyer. The printed estimate, £70,000 to £90,000, was untenable. seen on the geometrical pattern it frames. Curiously, this pattern is and not one bid came from the too short by several centimeters, is chopped off rather abruptly and bears no relationship in the frieze, At Sotheby's, the game was re-played with some interesting nuances. The manuscripts and minianor its immediate slanting surtures fared much better on Friday TOUL

This left several observers wondering about the nature, period, and original appearance of the panel. An architectural historian wrote a balanced analysis, which, if carefully read, sounded more damning than encouraging, submitting hypotheses but not drawing conclu-sions. The panel had stood unsold for years in a London gallery despite streamous efforts to find a buyer. It could have failed and may have been saved by an allusion in a related panel now in Jidda, Saudi Arabia. It sold for £275,000 and is believed to be headed for Kuwait. where the idea of scoring against the Sandi brothers may have been a powerful selling argument.

A "Safavid tile mosaic roundel," with a lion downing a bull, cata-logued as "Persia 17th century or later," a caveat that conveys skepticism, did not have that luck. It was unsold. No wonder that the market was fragile in the past and no wonder that it is dropping fast now. With such stars, a cloak of modest obscurity seem preferable.

## **Paris Fair: Subdued Mood** And Predictable Wares

#### By Michael Gibson rnational Herald Tribune

ARIS - It's that time of year again and, braving icy trade winds, 162 galleries from 14 countries have met under the sheltering dome of the Grand Palais in take part in FIAC, the international contemporary art fair,

About 700 artists are represented, with 100 onenan shows ranging from the brash to the whimsical or, more rarely, from the sublime in the ridicu-lous. Yet, on the whole, the tone is more subdued than in the past and there is also much predictable, standard fare from earlier decades.

Ginurzinska, from whom one has come to expect good quality Constructivist art, is featuring works by Malevich and others: Denise René, as is her wont, a selection of Op Art and Kinelic works. Samy Kinge is displaying Martin Bradley's bright oils and quaintly humorous sculptures in colored alass. At Claude Bernard are large paintings evoking the moody tropical rain forests of Nicaragua by Armando Morales.

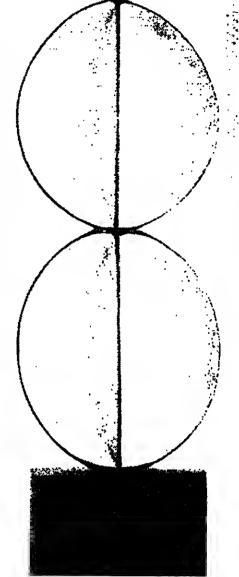
Jean Dewasne, the hard-edge abstractionist, has executed a series of sharp, shiny paintings on concave surfaces the size and shape of a car roof (Galerie 44).

Busts of Lenin in all sizes and bues stand frowning on the wall-to-wall carpeting at the Galerie Beaubourg. Huddled together in a flea-market clutter, they look forlorn and out of place and have already caused some tempers to flare among other dealers. All the more so, no doubt, since they do not have any particular statement to make. They are, in fact, no more than leftovers from a large stock of statues that were originally purchased to serve as raw material for the sculptor Cesar.

ONTENAY, meanwhile, has chosen to offer satirical comic-book paintings by the Icelandic pop-artist Erro, while Marwan Hoss is showings paintings, mostly recent, mostly large, by the Canadian abstractionist ("There is no such thing as abstract art!") Jean-Paul Riopelle.

Other one-man shows feature large landscapes by Gilles Ailland (Galerie de France), black and gray granite elephant tusks by Michael Prentice (Elisabeth Franck) and attractive fantasies in an illustrative idiom (a well-populated forest rising out of a tabletop, for instance), by Tullio Pericoli (Valente). Waddington is showing some of Barry Flana-gan's large manic bronze hares, and various galleries (Riera, Segal), are displaying paintings by Mi-guel Barcelo, whose authentic and vital talent is

among the finest of his generation. Jan Krugier has chosen to present side by side the introspective work of Zoran Music and some cruptively assertive paintings by Picasso. They stand facing one another like two distinct worlds. A deeply affecting triptych by Music offers three male oudes, one of them barely touched up with oil while the other two, self-portraits, are drawings on very large ecru canvases; yet they are lit with the



Saturday-Sunday October 24-25, 1992

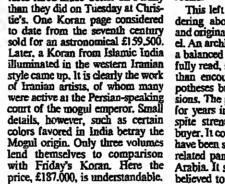
Page 7

Axel Cassel sculpture at FIAC.

same sort of muted dignity beyond all aesthetic preoccupations that one encounters in the last of Beethoven's string quartets.

This year Italian galleries will be featured and 25 were invited to participate.

FIAC runs through Nov. 1 and is open every evening until 7:30 and until 11 on Oct. 29.



HINGS were very differ-

ent regarding the works of art in Thursday's sale.

A superbly well-pre-

Azerbaijan" and given a "15/16th

century" dating, carried a wild £90,000 to £100,000 estimate. It

went nowhere and will need a lot

more than the long entry of histori-



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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

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ADVERTISING SECTION

# International Education

## Global Diplomas: Passports to Success

Fostering greater understanding between people from different countries is one of the main aims of the many international schools, colleges and universities based in Britain.

This year has seen a shift in the composition of the student bodies of Britain's international-education institutions. While many report a drop in applicants from the United States, which usually supplies the highest proportion of students, several are now beginning to attract students from East European coun-

New England College, a liberal-arts college based near Arundel in West Sussex, has 150 students from 33 different countries.

#### 'People cannot be insular any longer'

This year, they have one student from Latvia and another from Hungary." The cultural diversity really works," says Sheila Reilly, the college's dean of admissions. "As one student put it recently, 'We're all alike in our own way.

The college offers de-gree courses in business administration, international studies, and British and European humanities. The average class size is 15. "Class discussion can be very exciting because, with all these nationalities here, it is based on firsthand experience," Ms. Reilly says.

Internationalism is fostered in a different way at Schiller International University, which has 10 campuses in six different countries - including one in Britain, with 500 students based in London or West Wickham in Kent. Schiller students are encouraged to Germany, France, Switzerland, Spain and the United States during their course "We do not think stu-

dents can be really internationally minded unless they travel widely," says Kirsten Katzenbach,

the American high-school diploma - reckoned to be somewhere between the British GCSE and A lev-The university also ac-

cepts students who have the International Baccalaureate. "Its virtue is that,



Face to face with the facts: the earlier, the better.

like the French system, it

tends to teach students

how to think logically and

analytically," says James Evens, Webster's director

of programs in London.

Schiller's admissions director. The courses at the different campuses tend to. reflect the strengths of their location: London, for example, is popular for the international relations and diplomacy course, and stu-dents do internships in Whitehall,

Such colleges and uni-English, French and Spanversities can have a difficult joh trying to match entry qualifications for appeal lies in its broad students from different countries. Webster Uni-

Early specialization is avoided. Students are also required to do a stint of community service. "People cannot afford to be insular any longer."

says Philippa Leggate, a regional director for the IB. She adds that increas-ing numbers of establishments in Britain, both state and private, are making use of the diploma course. "It gives them such an advantage in the global marketplace." she says.

This term, the IB has taken on the responsibility for a new International Schools Association Curriculum project, which will devise a curriculum for the "middle years" (ages 11-16), based on IB principles. Several American and other schools have expressed interest. "But we have no intention of strong-arming students to take that route," Ms. Leggate stresses.

The American Community School is one of several schools that favor the IB. Europe's largest independent international school, it has 1,700 students on its two campuses in Cobham and Hillingdon, with day classes for the 4-17 age group and boarding provisions for 12-17 year-olds.

The IB diploma, a two-The school draws its year pre-university course, students from 52 counis still growing in popularitries; last year, around 100 ty worldwide. Taught in students took the IB. There was also a notable increase in the number of ish, it is now in use in 443 schools in 63 countries. Its students pursuing collegelevel studies through the base, with students having American-based Ad-

A new slant on learning: Education in an international environment is a great advantage in the global market.

## One Goal: Learning English in Britain

over the years.

director.

When the government

Over the past 30 years, there has been a tremendous growth in the number of students wanting to study English as a foreign language.

Currently, some 615,000 students arrive in Britain every year to study English as a foreign language; the figure exceeds that of any other English-speaking country. The large number of English-language students and courses makes EFL Britain's largest source of invisible earn-

It is estimated that, including seasonal languagecourse organizations, there are now around 1,000 lan-

Not all of these are finan-Higglesden, AREL's pubcially sound or reputable, lic-relations officer. however, and several have

The best schools offer been found to be bogus high-quality courses to meet different needs: Stu-"All you have to do is dents may want general pay a registration fee of 10 English, business English pounds at Companies or English combined with leisure activities. Courses House, put a sign outside can be of varying lengths the door and set up shop," says one language-school

EFL: key source of invisible earnings

Sels College, founded in

1975 and situated in Co-

vent Garden, has experi-

enced less of a decrease

than others. One of the

many recognized schools

in London, it has around

120 students, covering 30

nationalities and ranging in age from 17 to 60. Un-

like many schools, it does

not take group bookings

and relies more on word of

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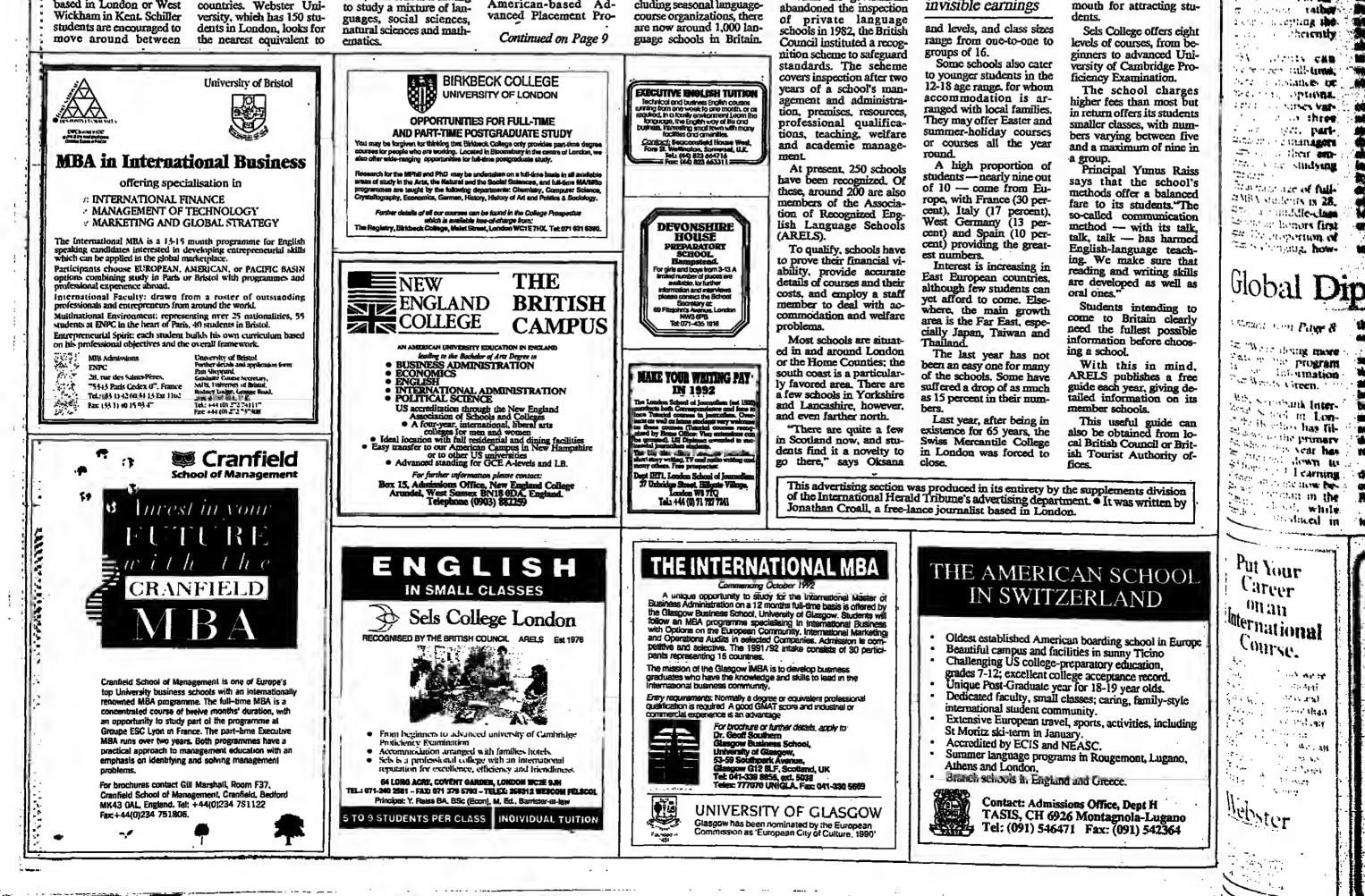
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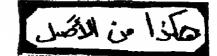
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#### INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

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A television studio: new management-education techniques for a fast-changing world.

## MBA: Once a Winner, Now a Qualifier

The fastest-growing postgraduate qualification in any discipline in Britain is the master of business administration degree.

MBA enrollments in Brit-ain are now up to 8,000 a year, and they are expect-ed to reach 10,000 by the end of the century. Britain is now producing 5,000 graduates a year, considerably more than any other country.

This is a spectacular rate of growth, considering that there were only 2,000

#### Britain: 5,000 MBA graduates a year

in Britan

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enrollments in the school year 1985-86. There are currently 116 MBA courses on offer: The degree is conferred by 92 separate schools — almost double the number doing so six years ago.

Because of the huge rise in numbers, the market value of the MBA has changed significantly. As one MBA program leader put it: "The MBA used to be a winner; now it's a qualifier." Employers are beginning to distinguish between courses from different institutions, rather than simply accepting the

ever, and it is now around 25 percent. The proportion of women in part-time courses is also growing, especially in schools at-tached to the former polytechnics. A decision to go for an

MBA is not one that is taken lightly. The total outlay for a one-year, fulltime course may be as much as 18,000-20,000 pounds (\$30,000-\$34,000). Basic fees are around 5000-6000 pounds; for a full-time course, living costs have to be added on to that sum, as do the cost

of lost earnings. It is often said that the toughest part of any MBA course is getting admitted to it in the first place. There is a widespread view

that, if a candidate can get through the admissions, procedure, the chance of obtaining an MBA is very

To enter, candidates normally have to face the stringent Graduate Management Admission Test, which tests for numeracy, literacy, and verbal and numerical reasoning.

isfy AMBA on questions of identity. size, staffing, admissions, curriculum and attainment. Also taken into account are the school's facilities, international contacts and the ex-

tent to which student reactions are taken into account in the design and improvement of courses. During the last year or so, there have been some

criticisms of MBA courses: that they are too academic, that they are not relevant to business needs, that the subjects are taught in too compartmentalized a way. There is evidence, however, that many of the schools have

made adjustments to meet, these criticisms where they have felt them justified. One of the first to offer

the MBA was the Glasgow Business School, Its fulltime course, established in the mid-1970s, was then the only one in Scotland. Nowadays, it is also possible to take an MBA at, Stirling, Strathchyde, Edinburgh or Heriot-Watt University.

well-supported in Britain," says Mr. Southern. "It is, often difficult for companies to justify the expense, because there is a danger that they will lose their employee."

Like other schools, the Glasgow Business School has recently set up a threeyear, part-time "execu-tive" MBA course, structured to suit managers who wish to remain at work while studying. In today's economic climate, this option is likely to prove increasingly popular with both managers and companies.

Another option for pro-spective MBA students is distance-learning courses, which enable them to obtain the degree from leading business schools without having to take long periods of leave from their work. The Warwick Business School, for example, introduced the Warwick MBA by Distance Learning in 1985; the program, which includes an eightday residential seminar each September, has been particularly successful among expatriates. "We are increasingly attracting students from the growing number of 'global managers' --- managers who are used to living and doing business outside their own country," says Stephanie Stray, academic director of the program. "As well as British expatriates from all continents, there are, for example, the Canadian in Malaysia, the Malay-sian in Switzerland, the Australian in Saudi Araschemes. bia or the Dutchman in Thailand '

## A European Network for Business Schools

With the single European market now only weeks away, schools working in the fields of business and management are moving quickly toward an increasingly international outlook. Britain's business schools are forging pan-European networks, recruiting faculty members with international knowledge and contacts, reshaping curricula and stressing language skills.

A report published this month by the Council for National Academic Awards (CNAA), "A Re-view of International Busi-ness and Management," suggests that business schools will have to become more internationally minded and that people

#### Study abroad transforms them'

going into business and management will need to be prepared for such

change. The report, written by consultant Geoffrey Ran-dell, says: "All schools will need to make continuing efforts to introduce international material and to develop their faculty's international knowledge and contacts." It also recog-nizes that there can be problems, including "re-sources, staff and institutional resistance, lack of

language skills and opera-tional difficulties arising from different cultures and regulations."

One institution that already has strong European links is the Groupe EBS European Business Management School in London. In comunction with the South Bank University, it offers a Diploma in European Business Management course. This allows students to spend their third year in two of the Groupe's centers, including those in Paris, Madrid, Brussels, Munich, Milan, Andorra and Rome. During the year abroad, they study the practical character of law, marketing, finance and economics in the two countries.

"It coincides with the ancient notion of a university, where you go round picking np education," says Paul Bullock, princi-

pal of the London school. "It forces the students to become polymaths. If you send students away, it transforms them. Without

paper, and that's about it." The CNAA report finds that international programs still account for a minority of most business schools' total activity. Research suggests strongly that cross-cultural competence is vital for managers dealing in an international context," the report says. "British man-agers will therefore be handicapped unless they can improve on the low levels of language skills that exist at present."

Not everyone is gloomy about future prospects in this sphere, however.

just be a matter of the enthusiasm of a few people." be says. "It is not individual students that need to move in this direction, but whole organizations."

One of the leading schools notable for its links with Europe is the Cranfield School of Management in Bedford. Its tic-up with Groupe ESC in Lyon enables students in its one-year full-time MBA course to study there for part of the time. Then, on completion of their program, they are awarded a joint MBA from both

schools.

taught in Spanish and French.

Similarly, students at Canterbury Business School can opt to spend half a year in France, attending a business school at Reims and undertaking a work placement. At the Glasgow Business School, the elective program includes a two-week summer school run in conjunction with schools in Ireland, Denmark Portugal and the Netheriands.

Slowly but surely, the British schools seem to be grasping the European nettle. As the CNAA re-

Tomorrow, the world: the latest crop of MBA students.

"There is a marked trend toward recognizing the need to stress the international aspect of courses," says Roger McCormick di-rector-general of AMBA. "Some real understandings are now being developed with continental business schools."

In the past, many of these arrangements have been made only between individual MBA students in Britain and elsewhere, ton chair

port says bluntly: "While Other schools run English is becoming the courses with a European dimension. At Strathchyde lingua franca of international business, a grasp of Graduate Business School, students in the full-time the languages is an essen-MBA course spend part of tial basis for an undertheir year in Bilbao and standing of another cul-Nates, where classes are ture."



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qualification as inherently worthwhile.

MBA students can choose between full-time, part-time, or distance- or open-learning options. The length of courses varies from one to three years; the longer, parttime ones enable managers to carry on in their employment while studying for the degree.

The average age of fulltime MBA students is 28, and most are middle-class males with an honors first degree. The proportion of women is changing, how-

Some schools, however, also place great importance on candidates' motivation, character and personality.

good indeed.

The proliferation of courses has underlined the need for the monitoring of standards. This is one of the functions of the Association of MBAs, founded in 1967, which runs a quality-control system of accreditation. At present, 31 of the schools conferring MBAs in Britain are accredited by the AMBA. In order to gain accredi-

tation, schools need to sat-

The Glasgow course has a small intake, with just 40 students admitted each year, so that teaching can concentrate on small groups. "We think we can offer a better service by keeping the numbers down," says Geoff Southcrn, the program's director. All current students, ranging in age from 22 to 39. have at least two years' business experience. Although the students come from 22 different countries, only six of the new crop are from Britain. "Full-time MBAs are not

that experience, they canman of the Council of not understand the topics University Management they're being taught. It Schools, believes this is ungives them a completely satisfactory. "It shouldn't different perspective."

When the course was first set up, it was unusual Anderida English Studies in requiring students to learn two foreign lan-Articlus Largest Orthouse Boys 5.-16 yrs. Girb 5.-16 yrs. Smill study groups (mar. 10) resident in ordified tracher's country house new Los-don. Individual study programs, EFL courses, preparation for entrance tests to UK schoots. Full sports and calhund pro-gram. Ex. 1976. Brothme: Mrs. B. Handcrock. Tel: +44. 444.454333. Fac: +44.444.458118. guages for business purposes. Nowadays, other schools have put a European element into their courses. Mr. Bullock, bowever, is skeptical of the value of some of the newer A UNIVERSITY DEGREE "It can be a bit like a

Bachelor's/Master's/Doctorates black bole," he says. They send the students off for half a year or a year, they do their project,

and/or Protessorial status. Fax: (UK) 44-813-361-697 or Phone: (UK) 44-836-723-353



#### Continued from Page 8

gram. "We're doing more subjects in the program now," says Information. Officer Wendy Green.

At the Southbank International School in London, the IB ethos has filtered down to the primary level, which this year has been extended down to age 5 from age 9. Learning a foreign language now begins with German in the primary school, while French is introduced in

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the middle school and Japanese in the high school. "We see fluency in a second language as essential," says Mary Langford, assistant to Southbank's head, "Students who have been in an international environment have a great advantage, in that they understand better how others react.'

The school has 230 students from 31 different countries - including six Russian students this year. Many students coming to these schools will need

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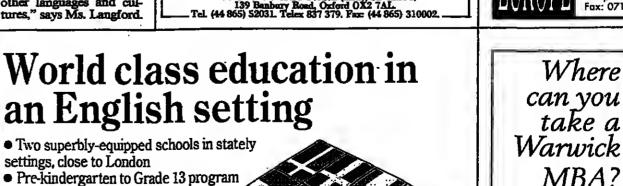
help with their English. At that the students are being the British campus of The American School in Swittaught in their second lanzerland (TASIS), based in Thorpe, Surrey, there is an international section. Here instruction in English as a foreign language is offered at intermediate and ad-

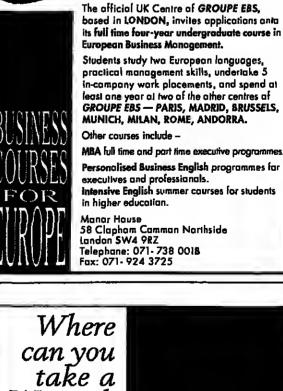
vanced levels. The teaching is based on courses in core academic subjects, according to the student's language proficiency. Special sections have been set up for history, science and English literature. "Bearing in mind

guage, the teachers pay special attention to vocabulary," says David Jepson, the school's assistant director of development. International schools and colleges are chosen by students and their families for a number of reasons,

but the chance of gaining a global perspective is clearly one of the principal ones. "They like the openness the school provides to other languages and cul-tures," says Ms. Langford.









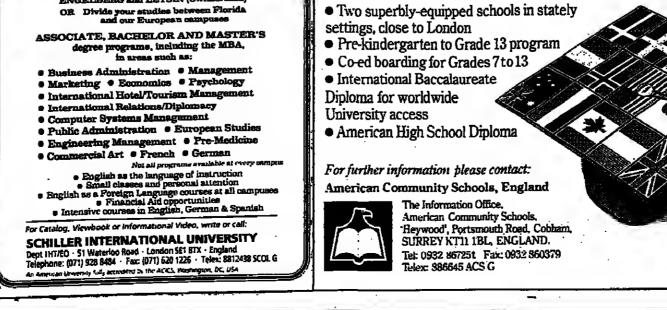
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SATURDAY-SUNDAY, OCTOBER 24-25, 1992



## Study the Lessons of Iraq

President George Bush was wrong when he said in the debate Monday that American technology played no part in Iraq's ocarly successful drive to build nuclear weapons. "There hasn't been one single scintilla of evidence," be indignantly declared. In fact there have been more than scintillas. The amount of equipment that the United States madvertently contributed was not large - but it was American.

Page 10

Preventing the spread of nuclear weap-ons is ooe of the most serious responsibilities that will face the president who is -inaugurated in January. On the whole, the American record on export controls is pret-

ty good, but it is not perfect. UN inspections of the Iraqis' weapons laboratories and workshops show that-they were able to import nothing from the United States, and very little from any country, that was unambiguously related solely to nuclear explosives. The dangers. lie in the broad category of exports that have dual uses. Certain kinds of computers, for example, or high-precision machine tools are occessary to make ouclear weapons, but they are also used for many kinds of entirely innocent products.

Io the period in which the United States was leaning toward Iraq, during and after its war with Iran, some American equipment of that sort went to Iraq and was diverted to purposes different from those -stated on the export licenses. One remedy is

tighter international cooperation on export to achieving ouclear weapons than almost 'any foreigner believed in 1990 - haveshocked all the industrial countries' governments into much greater caution. The Bush administration has reportedly begun to devote more of the United States' intelligence resources to the threat of ouclear prolifera-

Beyond that, the world has learned from the Iraqi case that export controls and intelligence alone do not suffice. There have to be inspections on the ground, and the UN's nuclear inspection agency is now using its authority much more vigoronsly not only in Iraq but in North Korea and South Africa.

clear weapons and of a hlack market in ouclear materials is not diminishing. Last week German police seized 5 pounds (2.2 kilograms) of enriched uranium in a road-side parking lot along with the people who were trying to sell it. Apparently it came from somewhere in Eastern Europe. So far this year Germany alone has reported more than 100 cases of smuggling and illegal sales of nuclear materials, most of them from Eastern Europe and the former Soviet Union. The lessons of Iraq bave wide applicability elsewhere in the world. - THE WASHINGTON POST.

tion - a significant contribution.

The threat of secret development of ou-

## **Clinton's Word on Taxes**

**Their Passport Politics** 

" "I will not raise taxes on the middle class to pay for my programs." With that ringing assertion, Governor Bill Clinton gave Mon-'day's presidential debate what may be its most memorable moment. Asked to cite a specific income level below which he would not reach for more taxes, he made a ringing no-tax pledge. And not just once, Provoked by President George Bush's repeated accu-sations that his plan was little more than tax-and-spend, the governor repeated his pledge four times in two minutes. This was no mere slip of the tongue.

The pledge raises worrisome questions. Suppose Mr. Clinton is elected and, as experts expect, his budget estimates go awry. What would he do? His Monday answer invites people to think that he would suspend programs to invest in infrastructure, worker training and education rather than raise taxes, even slightly, on the middle class. That would cut out the soul of the growth agenda that makes Mr. Clinton's candidacy so promising. The beauty of his plan is that it-; emphasizes putting government firmly behind both private and public investment, the key to rbromoting productivity. Productivity growth bis the surest way to raise living standards.

27; An economic plan, even one as detailed -cas Mr. Clinton's, is more metaphor than stblueprint. The numbers are not offered

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with accountant's precision; they are useful mostly as a guide to a candidate's priorities. Ross Perot promises to eliminate the deficit no matter what the cost. Mr. Bush promises to cut taxes no matter what the cost.

But Mr. Clinton has promised a middle ground: Cut the deficit, but only by half over four years. That would leave room to pay for desperately needed public invest-ment and even provide a small tax cut for middle-class families. The question now is whether Mr. Clinton is more committed toholding the line on taxes or, far more im-

portant, holding the line for growth. Mr. Clintoo left himself wiggle room. He didn't define middle class. He didn't define "my programs," And be didn't define the emergencies that would allow him to back away from his no-tax stance. But voters are oot likely to be reassured by a candidate inclined to find refuge in loopboles.

No one asks Mr. Clinton to make a suicidal pledge, like that made by Walter Mondale in 1984, to raise taxes. But for Mr. Clinton to rule out tax hikes except under dire circumstances is to risk diving into the same policy straitjacket that has paralyzed Mr. Bush. The governor told viewers Mon-day night not to read his lips. "Read my plan," he said. Fine, if only be sticks with it. -THE NEW YORK TIMES.

The Candidates and Global Engagement

**OPINION** 

WASHINGTON - The untold foreign poli-VV cy story of a campaign largely empty of foreign policy is that the United States is slouchmg into the new post-Cold War world in essentially an internationalist mode.

It could have been otherwise.

Wars often yield to periods of isolationist temptation. Frustration accumulates over inter-national wear and tear. Domestic cares stack up. We saw fatigue bordering on distaste for interna-tional involvement in the primaries of both parties, especially in the nativist candidacy of the Republi-

can Patrick Buchanan. We still see it in Ross Perot's impatient call to U.S. allies to pay a larger share of mitual defense or face abandonment

George Bush had the tactical problem of demonstrating that his preference for foreign policy had not smothered his concern for the domestic agenda. He never fully solved that problem. But except for some arms deals he hustled as a jobs program, he did not warp policy.

Mr. Bush, an instinctive internationalist, may unn out to have been the right leader to manage the transition from the Cold War. Critics found him slow to respond to new requirements in the old Soviet Union and elsewhere. But some part of his lag was prodent and steadying. He caught up add brought people along — a fair achievement. / Mr. Bush has received less credit than he is due

#### By Stephen S. Rosenfeld

for pushing forward, in the face of strong opposi-tion, on new trade-expansion codes, in the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

This was not easy. In keeping America interna-tionalist, it has mattered greatly that the Cold War ended with a bang of global enthusiasm for West-ern values. This helped easure that a full cup of idealism would be passed in the looming Ameri-can political transition. Mr. Bush mouthed the words but never really caught the spinit. A balanc-er-of-power, he could not match Mr. Chann in composed, in: could not match bit, contain in picking up on the magic of the democratic idea. It cost him heavily, but the country can now move on. It also mattered greatly that, through the Cold War decades, a far more interdependent global economy was taking shape as well as a full set of interpendent intertation of the state international institutions calculated to support the industrialized democracies' growth and stability. Anti-Communist ideology has faded as a

beacon of American international involvement. But deep-running economic forces have built involvement into the very structure of American society. Still, an electorate or president unnerved by the recession could fray this commitment.

Enter Bill Clinton. He was a step ahead of Mr.

#### Bush in supporting relief for Yugoslavia and aid for Russia. His defense budget is only nickels and dimes smaller. He lacks experience but plainly sees an international role not as a snare but as a necessity. But it is an article of belief as well as strategy for him that the country's domestic house must be put in order first. This is what stirs uncase

among many of America's foreign friends. Mr. Bush, playing to his strength, depicts Gulf-type crises as the appropriate test of presi-dential metric and national capacity for the inter-national life. But in the future, more meaningful if more mundance tests are likely to lie along a hand of essentially domestic decisions on budget, defense, aid, trade and cooperation on the whole multilateral agenda of issues. In our disordered world, crisis management

will not become an obsolete calling. But the building of political coalitions on issue after issue is what presidenoial leadership is mostly about. I think Governor Clinton knows this.

His respect for a domestic focus and a domestic consensus suggests some uncertainty lies on the road abead. But these things are also the basis on which to hope that, in turn, he will muster public support for keeping the United States responsibly engaged in the world. You could call it interna-tionalism with an asterisk.

The Washington Post.

## This Western Neglect of Eastern Europe Is Obscene

PRAGUE - Czechoslovakia, soon to become ex-Czechoslovakia, is the economic success among the former Communist countries. But this success distracts from the gravity of Czechs' and Slovaks' larger situa-tion, and that of all the south-central

and Balkan Europeans. It is the one good thing to be said about a bad scene, upon which the Western gov-eraments have turned their backs. The baroque beauty of Prague is shabby hut is being restored. It is for.

- By William Pfaff economic situation will get worse as

political catastrophes of its own making. Germans are distracted hy the prohlems of reunion and a frighten-ing rise in anti-foreigner violence. France's political class is obsessed with the Mitterrand succession.

Nowhere is there practical acknowledgment of the urgent need to inte-grate East Europeans into the practice and values of the democratic world. As a result, the democratic and liberal forces in the region, which led the resistance against communism in the name of a new democratic Europe find themselves undermined.

This Western indifference makes obscene the claims George Bush and others in the West cootinue to make about communism's "defeat," and the U.S. and West's "leadership" of a oew world system. There is no leadership. There was no defeat.

There was a self-liberation hy the people of the East, and hy the Soviet people themselves, and even by the Soviet Union's own leaders (admit-tedly, withoot the latter grasping what they really were doing).

There is a changed international system, but only by virtue of the old system's having ceased to exist. Alas, the new system is proving anarchic, violent and on the brink of adding new wars to the borrihle and genocidal one now going on in Bosnia. The passivity and indifference of

the West is discrediting democracy, in the name of which the Cold War

struggle of the past 45 years was con-ducted. The codes of conduct developed among the Western democra-cies during that period, transforming the character of international relations in the West, are not being imposed in the East, and therefore are

rapidly becoming irrelevant to what is going to happen there. The policy of the Western govern-ments, with respect to the Yugoslav crisis, has proved to be that Bosnia fall as rapidly as possible to the Serbs and Croats so as to end the political em-barrassments in the West of television reports on Bosnian suffering. The for-mer Polish prime minister, Tadeusz Mazowiecki, was sent to Yugoslavia, by the UN Human Rights Commission to investigate buman rights abuse there, and defiance of treaty and international law, but his damning reports are left without sequel.

This generation of Western leaders, George Bush, François Mitter-rand, Helmut Kohl, John Major, will be held to account by history for this, as were Chamberlain, Halifax, Daladier - and Hindenburg and Franz voo Papeo - for what they did or failed to do. It is very grave to invite the contempt of the enemies of democracy, as we are doing. As the amoral Machiavelli himself warned, the prince who invites contempt, by inaction or irresoluteness in defense of his interests, becomes known as a useless friend and a despicable coemy. After that, be "will find himself utterly lost." International Herald Tribune.

C Los Angeles Times Syndicate.

## In Moscow **They See Many Asias**

By Leszek Buszynski

C ANBERRA — Since the disinte-gration of the Soviet Union, ob-servers have been struggling to iden-tify a clear Russian policy toward the Asia-Pacific region. The country is changing, and its Asian policy is the changing, and its Asian policy is the subject of an internal political battle However, developments suggest that the forces that favor closer ties with China are prevailing.

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Several competing groups in Rus-sia have an interest in the Asia-Paciic region. A pro-Western group led by Foreign Minister Andrei Kozyrey wants to lead the nation into the Western fold. To them, the return of the four disputed Kuril islands to Japan is a small price for better relations with Tokyo and for the Japanese aid and investment that would boost Russian economic revival. They view the Communist goven-ment in China with suspicion and predict that it will be destroyed by the same democratic forces that preailed in Eastern Europe.

Opposed to the pro-Western lobby is a growing group of nationalists and populists who regard Mr. Kozyrev and Georgi Kunadze, the deputy foreign minister, as traitors for advocat-

ing the surrender of the Kurils. The nationalists are pressing the Yelisin government to define Russia's borders and to introduce a constitutional provision that would prevent the handover of disputed areas.

Pressure is also coming from group of geopoliticians in Russian academic institutes and conservative oewspapers. They consider the pro-Western lobby naive for believing that Russia can be remade as a West European nation. Russia, they say, was driven more deeply into Asia by its separation from Ukraine and Belarus. This group says it makes sense for Russia's Asia-Pacif 11. ic policy to be structured around China. Good relations with Beijing would ensure border security and nia Sectors help both countries preserve stabil-ity in Central Asia. These geopoliticians regard Japan as a historical enemy of Russia.

Some influential economists in Russia resent what they consider the Foreign Ministry's moral posturing over arms sales. This group reportedly in-cludes the Ministry of External Eco-nomic Relations and arms manufacturers who are scouring the world for sales opportunities following the sharp cuts in Russian military spending.

These economists maintain that the conversion of defense industries IOMIC SCI into civilian companies will require capital that can only be raised by selling arms abroad. For this group, selling arms abroad. For this group, China is a logical partner. Beijing, which had planned to boy 24 Su-27 jet fighters from Russia, will now purchase 72, and it is interested in acquiring 24 MiG-31s to strengthen its air defenses. China is interested in an

Iran's Nuclear Labs Look Too Much Like Iraq's Did The Bush administration's spokesman at New Hampshire Republican Party makes the State Department was full of indigna- her one of the most "political" of all Bush apı T EL AVIV - In February a deleturns out the search party also foraged through the files of Mr. Clinton's mother. gation from the International. While the administration was busy dishing out the story that it was altruism and First Amendment fervor that drove it to cot corners for the press, National Archives officials reportedly told congressional staff workers that Mrs. Tamposi's operatives were "disappointed" when they did oot find what they were looking for and even "sug-gested" that the material may have been mproperly removed. Archives staff saw no basis for that cooclusion. But it was the suspicions of the frustrated searchers, goes this accouot, that may have led an equally suspicious Mrs. Tamposi to alert the inspector general, who decided to call in the Federal Bureau of Investigation. The department's inspector general has been ordered to widen his investigation into the handling of the Freedom of Information Act requests on Bill Clinton to include the search of his mother's files. Some members of Congress want more. Democratic leaders in the House have and, the department a list of questions and a request for Mrs. Tamposi's automated phone records and telephone logs and those of any other officials involved in the search. That makes sense. Other members believe the hunt should be hroadened with the task assigned to a new and independent hunter, the General Accounting Office. We agree with that too. And we bope that office will be as diligent, in its search for the real story of what went on as the dirt diggers themselves have been. - THE WASHINGTON POST.

the moment the glamorous city of million (in a population over 5 mil-Eastern Europe, a place where young lion). The dangers are obvious at a Americans in particular come, as time when Hungary is experiencing a they went to Paris in the 1920s, berise in chauvinism, anti-Semitism and anti-"cosmopolitanism," and while fore another dark time began. The Czechoslovak economy's tran-Hungarian minorities in Romania and sitioo toward the market has been generally successful, although the hardest part, the denationalization of Serbia are in difficulties, the latter threatened with "ethnic cleansing The future of the Czech Republic is beavy industry, is mostly to come. That will hring increased unemployalso uncertain, and many are anxious about the viability of a small Slavic

ment, but the current rate of unemstate of 10 million wedged between ployed is an astonishingly low 2.7 Germany and Austria, with their compercent in the Czecb regions and only bined populations of 85 million. I percent in Slovakia, where most of a time when the Western governments display near-total indifference to Eastthe obsolete plant exists, notably including arms manufacturers. ern Europe, Washington will remain Inflation is under 10 percent, the paralyzed until January, and a Clinton

state budget balanced, and the pay-ments and commercial balances posi-tive. Bet industrial production has fallen, and with it, productivity. The

exceedingly risky course, which al-ready has produced serious difficulties with Hungary over a hydroelectric installation, for which the Slovakians are diverting the Danobe. There is a Hungarian ethnic minor-ity in Slovakia numbering some half-

History will hold Western leaders to account for this.

To invite the contempt of democracy's foes is grave.

Slovakia goes its own way. Goes where, is the question. An independent Slovakia embarks on an

The Major government in Britain is taken up with a clownish series of

Esstory broke about the agency's unorthodox handling of Freedom of Information requests for Bill Clinton's passport and citicenship records. "There is no inappropriate behavior at all in this," said a spokesman, Richard Boucher. If the search through Mr. Clintoo's records seemed rushed, be said, it was only because department officials weretrying to accommodate the news media in time for the presidential elections "in a responsible and prudent manner."

Wrong. By the next day, the State Department was forced to concede that the accelerated search violated firm and clear department policy. But again it was suggested that there was no cause for suspicion. The rule hreakers who brushed off the, directives governing search procedures were not high-level operatives digging for "dirt on Bill Clinton — perish the thought. They were only "low-level people" and "mid-level clerks," the implicatioo being that the whole affair was merely the work of zealous, not-too-bright bureaucrats, and you know how they are. So it was at least a poblically insocent enterprise.

Now it turns out that this line is not true either. The file searchers were hardly the unsupervised, overeager clerks they were originally made out to be. The men out there cummaging through the National Record Center archives late at night on Sept. 30 and all day Oct. 1 were senior officials in the passport office - including two political' appointees. All four men work for Elizabeth Tamposi, assistant secretary for consular affairs, whose extensive experience with the

## **Other Comment**

#### The Case for a Clear Apology

Emperor Akihito's visit to China, the first such in the 2,000-year history of the Japanese monarchy, aims at improving reclations. Bot the atmospherics surrounding this threaten to produce an opposite effect. China has never been satisfied with the vague expressions of regret for Japanese aggression that have been offered by Tokyo. Not many people expect Emperor Akihito to depart from Japan's pattern of previous comments. The emperor is, nonetheless, the symbol of the Japanese state. A clear apolo-

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gy for its wartime activides would be interpreted throughout Asia as marking a new chapter in Japanese history. Unfortunately it would also anger powerful right-wing nationalists who continue to resist every suggestion that Japan should apologize for its wartime behavior. The

truth is, Japan has been avoiding the issues of wartime responsibility and guilt. Many in Asia are left to wooder whether Japan, by stuhbornly denying the facts, isn't raising disturbing questions about its democratic future. The nationalists must be resisted,

- Los Angeles Times.

#### INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

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Atomic Energy Agency visited Iran to inspect its ouclear facilities. Back in Vienna, the delegates announced that they had found nothing beyond ordinary ouclear research for civilian and scientific purposes. But a report published last month

by the Los Angeles-based Simon Wieseothal Center revealed with what ease the Iranians had led the delegation astray. Among the sites the international

inspectors asked to visit was Moallem Kalaych, a village about 100 miles (160 kilometers) north of Tehran. Western intelligence sources say the village is home to Iran's most important nuclear center; parts are con-cealed below ground and the area is pairolled by special units of the Revolntionary Guards. The Wiesenthal report says the delegation never got there. They were led by their hosts to another village of the same name.

The incident suggests the efforts being made to turn Iran into a nuclear power --- efforts that hore fruit last month, following a state visit hy Pres-ident Hashemi Rafsanjani, to China and Pakistan. After the visit, China announced its readiness to sell Iran a oew nuclear plant. China is already involved in building a small nuclear research reactor for Iran in the town

#### By Yossi Melman

These are serious considerations at

administration would certainly not

give its attention to Eastern Europe's

component for manufacturing oucle-

ar weapons. The new Chinese reactor

Nuclear Nonproliferation Treaty, but Israeli and U.S. officials have

expressed doubts about Iran's will-

guy, head of Israel's military intelli-

ouclear capability by the end of this decade; British and French intelli-

gence officials predict that Iran might

ngness to honor it. General Uri Sa-

nce, estimates that Iran will have a

Iran and China have signed the

would be much larger.

problems until long after that.

of Isfahau and, according to U.S. which is now part of Iran's extended intelligence reports, has provided it ouclear infrastructure. with a mini-calotroo - an essential

The international oil crisis, follow-ing the 1973 Middle East war, spurred the shah to announce an ambitious plan: the construction of 12 nuclear plants, each with n 1,000megawatt capacity. Officially, the plants were for the production of energy. But, according to Menashe Amir, behind the official facade was "the shah's plan to make his natioo into a nuclear power."

Iran had signed huge contracts with German, French and Japanese companies to build the reactors, and in the mid-to-late '70s, construction on the first two plants began in Bu-

join the ouclear club even earlier. Mohanimed Mohaddessin, an adviser to the National Council of Resisshar, on the shores of the Gulf. But when the Ayatollah Khomein tance of Iran, said recently in Washington that he believes Iran will have took power in February 1979, work at the two sites was suspended. The aya-tollah considered nuclear weapons "a creation of Western Satan." And when ouclear devices in three to five years. General Saguy dismissed press re-ports that Iran already possessed nuclear weapons, purchased from the former Soviet republic of Kazakhstan. the Iran-Iraq War broke out seven months later, construction on the sites Menashe Amir, an Israeli expert stopped completely. When the war ended in 1988. Iran on Iran, said: "Iran's nuclearization

hoped for resumed support from the countries and international compa-nies that had helped it during the shah's reign. The Germans, French and Japanese, though, washed their hands of the project. The French re-

## Iraqgate: Let Us Finally Clear the Air

did in fact begin in the early '60s, during the shah's days. He first suc-ceeded in acquiring a small nuclear research reactor from the United

States. This reactor was built at the

Amirabad nuclear center in Tehran,

N EW YORK - Now we have it plain and clear: the complete denial of the Bush administration to accusations that its policies helped

strengthen Saddam Hussein before the Gulf War. President George Bush put for-

ward part of his case in the last presi-dential debate. He said that international investigations had found not "one single scintilla of evidence" that any U.S. technology had been involved in the creation of Iraq's nuclear capability.

Acting Secretary of State Lawrence Eagleburger went further. He entered this hlanket defense denial in a letter to The New York Times accusing its columnists and editorials of distortion about U.S. policy: No use by Iraq of U.S. grain credits to buy weapons or trade off U.S.-

World countries. No U.S. weapons or other exports found in the battlefield. No U.S. technology found by international investigators that could "signifi-

Members of Congress, UN inspecthe long list of countries that did help Saddam Hussein economically, militarily and diplomatically. So either they or Mr. Bush and Mr.'

By A. M. Rosenthal Eagleburger are fools, manufacturers of disinformation or liars.

Or perhaps they suffer from severe self-delusion. Why else would Mr. Bush tell a story that could be flatly contradicted within hours by the American who headed three international ouclear inspections in Iraq? David Kay told the Center for Security Policy in Washington that U.S. equipment and nuclear technology had indeed been found as "components of Iraq's nuclear program." And on the day Mr. Eagleburger's letter appeared, the State Department denied that the United States had issued a license for the export of an electronic-beam welder that could be used to produce nuclear weapons. Hours later, State said it was wrong. If the Bushbaker administration is

right, we needn't worry about loop-holes in regulations supposed to protect America from arming dictatorships that are potential enemies. Forget any fears that the United States is starting down the road to building up countries like China, Syria and Iran. But if the Bushbaker administra-

tion is deluding itself, or lying through its teeth, we Americans had better start protecting ourselves with tighter regulations, tougher anti-proliferation laws. And instead of "who, me?" bureaucratic fanny-covering we need clear-cut responsibility, with public accountability. For the sake

of the future we oeed an official look into the past — how the U.S. role in the Iraqi buildup worked. It has to be done by somebody trusted by the public, with a knowledge of the aundry husiness - how arms, drugs and connections are washed into nice crisp money.

Two jobs are critical --- the attorney general and the special prosecutor.

Robert Morgenthau, the Manhat-tan district attorney, is the obvious choice for any administration intent on finding the truth. He did the country a service by breaking open the BCCI scandal. It is a link in the chain of Middle Eastern money and politics that leads from Karachi and Riyadh to Washington to Atlanta to Rome to Baghdad, and back.

If Bill Clinton is elected president, the appointment of Mr. Morgenthau as attorney general would mean a cleansing break with the tradition of appointing a pliable subordinate or crony to the most important law enforcement job in the country.

If Mr. Clinton will not take that deep a breath of fresh air, here is a suggestion for special Iraqgate prose-cutor: Robert Morgenthau, Mr. Morgenthau would then want to keep the elected job of district attorney. But be and his top aides could be empowered as special federal attorneys.

Either way, putting Mr. Morgen-than on the job would be a fine way for a newly elected president to say thank you to the country, very fine. The New York Times.

fused to continue a joint venture on which they had embarked in 1974 with a \$1 billion budget. This partnership - in which Bel-giom, Spain and Italy participated

- was supposed to have given Iran free access to enriched uranium techoology. (Freoch hostages caught in Lebanon by pro-Iranian organizatioos served for several years as pawns in the struggle over this contract.)

Some months ago, the International Trade Arbitration Court in Paris ruled that the French government should return the money to Iran but rejected the Iranian claim that the French should resume the project.

And during a visit of the Iranian foreign minister to Berlin, the Ger-man government turned down Tehran's demand to supply it with a ouclear research plant and fulfill its old commitments. The Japanese were ready to pay millions of dollars in compensation, as long as the projects were called off.

Against this background, decisioo-makers io Tehran concluded that they should take the initiative. In fact, the Iranians are oow oper-

ating as the Iraqis did in the 1980s, after the Israeli Air Force bombed a ouclear plant ocar Baghdad; undercover activity; the spreading of sites; the concealment of installations; the creation abroad of octworks of agents responsible for the acquisition of equipment and technology; the recruitment of foreign experts; and the persuasion of Iranian scientists to return from exile, and from friendly nations like North Korea, lodia, China and Pakistan.

The writer is an Israeli journalist and author of the forthcoming "The New Israelis: An Intimate View of a Changing People." He contributed this comment to The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Servia's War Debt

BELGRADE - The Servian Ministry, besides being occupied with its ordinary National Debt, has now been called upon to consider the ways and means of meeting the so-called "Secret Russian Loan," which dates victory is unbounded. back from the Bulgarian Campaign, when the Muscovite Government handed over to the Belgrade Cabinet munitions of war of the value of a million roubles. The supply of the munitions has always been regarded in Belgrade as a "gift."

#### 1917: 'Magnificent Men'

an increased knowledge of each oth-er's problems. The President's wife indicated that the United States What do you think of my men? Are might conscript women for labor. "It is very difficult to make people realthey not magnificent? We ought to go ize the importance of some piece of on our knees to them." In an outhurst work until it is actually very badly needed. Six months ago, talk of regis-tration of labor caused an uproat of enthusiasm, General Maistre, commander of the victorious army of the Aisne, greeted us with these words to-day [Oct. 24] at his beadamong trade unions and Congress, but today many are crying. Why but today many are crying, aren't women working?" quarters. Calm and security prevail in

LATY C including missile guidance systems. aircraft engines, transport planes and T-72 tanks. By such purchases, China can help Russia's military-industrial complex to survive.

Russian policy toward Asia is influenced by the vast Far Eastern region.3 which has considerable antonomy. Moscow will increasingly have to accommodate its interests, which range? from direct trade with China to joint! ventures with South Korean firms. Valeatin Fyodorov, governor of the Sa-khalin district, which includes the Ku-7 . . . . rils, has become a national spokesman;

on the dispute with Japan. While the government in Moscowo still acts as though Russia were a) unitary state, political power has be come decentralized in many ways<sub>n</sub> Increasingly, Russia's Far Eastern ar cas will devise their own relations 17-11-1 with the Asia-Pacific region. in the second

Mr. Yeltsin's decision to cancel hisvisit to Japan last month was a water-shed in shaping Russian foreign poli-The tan a to ? percent, Jingi shed in shaping Russian foreign pou-cy. The parameters for future rela-tions with Asia are oow falling intel place. Opposition to the transfer of the Kurils to Japan unites many of the Kurils to Japan unites many of the Kurils to influence policy.

the forces striving to influence policy. The pro-Japanese strand in Rus-sian thinking, never very strong has been effectively cut off. The conses quence is likely to be a growing em-phasis on China for both geopolytical and economic message

and economic reasons. President George Bush's decision to sell 150 F-16 fighters to Taiwant will give China an incentive to strengthen relations with Russiat both to show opposition to the sale and to gain leverage with the West n

The writer, a specialist on Russia-Asian relations, is senior research fellow in the Strategic and Defense Studies Center at the Australian National University in Canberra. He contributed this ment to the Herald Tribune.

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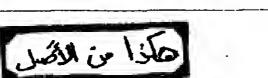
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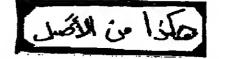
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ing and defines the confrontation. tors and journalists, including this one, have written, said and demonstrated that the United States was on





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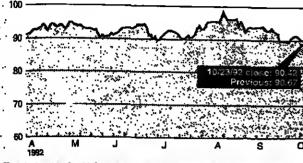
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The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belglum, Canada, Denmark, Finland, Franca, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo. New York and London, the Index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

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Utilities	87.12	88.00	-1.00	Flaw Materials	92,92	92.88	+0.0
Finance	82.29	82.28	+0.01	Consumer Goods	92.10	92.91	-0.8
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For Now, Southeast Asia **Steers Clear of Slowdown** 



International Herald Tribune, Saturday-Sunday, October 24-25, 1992

Compiled by Our Staff From Dispanches LONDON - British Airways PLC, which

has sent shudders through major U.S. airlines with its plan to buy a big stake in USAir, sparked a competitive outery at home on Friday by announcing an agreement to take over the British regional carrier Dan-Air. British Airways said it would buy Dan-

Air's assets for the symbolic price of £1 and assume £55 million (\$89 million) in liabilities. It said the move, which will eliminate most of Dan-Air's staff, its planes and its name, was part of a strategy to create a new, low-cost airline dedicated to the development of a major network of short-haul services from London's second-biggest airport, Gatwick. Competing British carriers expressed con-

cern about the impact on competition and urged the government to investigate the deal. Likewise, the biggest U.S. carriers, Ameri-can, United and Delta, have raised competition-based objections to British Airways plan to buy a 44 percent stake in USAir, the keystone of its aggressive global expansion. The U.S. artimes say BA appears to be cir-cunventing U.S. laws on foreign control of an airline.

The takeover of Dan-Air would give Brit-ish Airways greater dominance at Gatwick than it already enjoys at Heathrow, where it controls 40 percent of the takeoff and landing slots, and leave only one other carrier flying

dramatically improve service and

equally dramatically cut costs. Under the new strategy, eight

key domestic German routes are

to be served by a special spin-off division, Lufthansa Express, that

promises passengers a better on-

time record, faster check-in and a

chance at bargain prices. Next spring, Lufthansa Ex-press is to replace current service

to Germany's European neigh-

bors as well, a spokesman said.

Other international destinations

will continue to be serviced by the

The key organizational differ-

ence between the old and new

Lufthansa services is that planes

will no longer fly complicated, connect-the-dots routes from one

According to analysts, that sys

tem, unique to Lufthansa; often

led to costly, self-perpetuating delays. Instead, Lufthansa Ex-

press planes will bounce back and forth between daily destinations

original Lufthansa.

destination to another.-

between Britain and continental Europe, British Midland. it wants from the wreckage of Dan-Air with-out proper consultation or scrutiny will dis-"If there is no intervention, then competi-

tion will suffer, the consumer will suffer and we will not see a flourishing multi-airline industry," said Richard Branson, chairman of Virgin Atlantic Airways.

Virgin had previously been in orgotiations on a Dan-Air takeover, but the talks collapsed earlier this month. Mr. Branson, who already competes with

U.S.-British talks on a new air access pact will resume in Washington next month. Page 12. Dublin wants to sell 49 percent of Aer Lingus to an international partner. Page 13.

British Airways on North Atlantic routes, said he had applied for licenses and slots to begin service to Paris, Brussels and other

European destinations. "Virgin European Airways can only take off if the government now reviews competi-tion amongst British airlines and slots at Heathrow and Gatwick," he said.

Britannia Airways and British Midland also raised questions about the deal's impact on competition. Britannia, Britann's largest airline for vacation travelers, said it would ask the Office of Fair Trading and the Department of Transport for a full investigation. "Allowing BA to step in and salvage what

out proper consultation or scrutiny will distort competition in the U.K. airline industry," said Bob Parker Eaton, deputy managing director of Britannia.

A spokesman for the Office of Fair Trading said its could be several months before the regulatory agency could advise the trade and industry secretary, Michael Heseltine, if he should refer the deal to the Monopolies and Mergers Commission for an investigation of its effect on competition. Although the deal is subject to regulatory

approval, British Airways and Dan-Air hope to complete the purchase within the next few weeks.

Davies & Newman Holdings PLC, the ship broker that launched Dan-Air in 1953, said it would stop the European carrier's charter operations and sell 26 of its 38 aircraft. British Airways expects to spend £35 millioo on layoffs and restructuring.

In addition, the number of destinations served by Dan-Air scheduled flights would be cut from 28 to 12 and the airline's name would disappear. Davies & Newman, which in the first half of this year had an operating

loss of £24 million, will take itself out of business, the company said in a statement. Industry analysts estimated the liabilities of Davies & Newman at more than £50 million. (AP, Reuters)

Rise, Along With Dollar NEW YORK — The dollar shot up 2 pfennig Friday and European stock and bond prices rose strongly on growing evidence that interest rates across the Cootinent were Kohl Says Taxes

**Rate Prospects** 

European Stocks and Bonds

**Spur Markets** 

Will Have to Be falling. French government bond prices Raised in 1995

more than three years, and German bonds rose, too. Stock markets in Frankfurt, London and Paris were also boosted by optimism on the rate outlook.

In Rome, the Bank of Ital; cut its official discount rate a full point to 14 percent and also reduced its fixed-term advances, or Lombard rate, by 1 point to 15 percent, both

rate, by 1 point to 15 percent, both effective Monday. The cut in the discount rate, which came after Italian trading hours, had been widely anticipated by foreign-exchange markets and the lira held steady against the Deutsche mark at 876 in late trad-

ing. But comments by a member of the Bavarian central bank and speculation surrounding the possi-ble coordination of interest-rate strategy at a meeting Friday of the European Community's monetary committee in Berlin (Page 13), coupled with lower mooey-market rates in Germany and France and anticipation of Italy's move, all

helped the financial markets. Londoo's FT-SE 100 index closed up 11.6 points at 2,669.7. In Paris, the CAC-40 index closed 35.67 points higher at 1,766.41. And in Frankfurt, the DAX ended 16.71 points firmer at 1,526.82. But the European component of

the International Herald Tribune World Stock Index, which measures European markets in dollar terms, dipped 0.04 percent to 93.13 as the dollar rose. The overall Trib index slipped 0.28 percent to 90.42. The dollar ended the day in London trading at 1.5310 DM, after 1.5095 late Thursday. In New

York, it finished at 1.5280, compared with 1.5082. The trigger for the dollar surge came after a news report that Erich Fein, vice president of the Bavarian central bank, said the conditions were right for rapid cuts in official German interest rates.

Mr. Fein later denied that he mentioned official rates but said the recent strength of the mark meant that money market rates were likely to fall further. See RATES, Page 12 "Fein's comments were certainly

closed at their highest levels in BONN - Chancellor Helmut Kohl, who last year broke an election pledge not to raise taxes, said Friday that taxes would have to be increased again in 1995 to pay off

East German debts. The debts of around 400 billion Deutsche marks (\$265 billion) in-herited from communist East Germany would add 40 billion DM per year to the budget in interest and capital payments starting in 1995,

he said. "lo my opinion, revenue im-provements will be necessary to deal with the inherited financial burden," he told Bild am Sonntag

newspaper in an interview for publication Sunday. Mr. Kohl did oot specify which

Revers

Pag

Page 11

taxes would rise but dismissed sug-gestions by some politicians that wealthier people would be obliged to subscribe to a compulsory bond issue. "Burdens must be distributed fairly. Nothing and no one must be excluded," he said.

The government spokesman, Dieter Vogel, emphasized that oo tax increases were planned for 1993 or 1994, saying the government be-lieved that higher taxes now would seriously damage an economy that is already slowing down.

a catalyst for the significant dollar move, but trading was very thin today and, as the dollar had earlier hit the bottom of the established range, it was ripe for correction," said Joe Prendergast, economistra MMS International in London. Meanwhile, a director of the Bundesbank, Otmar Issing, said currency realignments within the European exchange-rate mechanism must remain an option in the years leading up to European monetary union.

In a speech at a bankers' symposium in Edinburgh, Mr. Issing said "the timely and discreet adjusttial" part of the ERM regime, "lias been forgotten or suppressed." The German discount rate is 8:25

#### By Brandon Mitchener International Herald Tribune FRANKFURT — Sunday marks the beginning of a new gamble by Lufthansa, the Ger-What Price Fokker? man state-controlled airline, to

Special to the Herald Tribun

Lufthansa Shifts Into the Express Lane

AMSTERDAM - The planned alliance between Fokker and Daimler Benz appeared threatened Friday after it was reported that the German company had offered only 25.5 guilders (\$15) a share for a majority stake in the Dutch maker of small airliners.

The Dutch government, which holds a 31.6 percent stake in Fokker, has said it will not sell its shares for less than 40 guilders a share.

Richard Brakenhoff, analyst at Pierson, Heldring & Pierson.

negotiators of Daimler's aerospace arm, Deutsche Aerospace, had

Acrospace was to take up an issue of 13.2 million Fokker shares worth

provements in service.

Individual counters for Lufth-

currently delayed more than 15 minutes Another innovation of Lufth-

ansa Express will be bargain prices on late-night and short-notice flights. Passengers get a 55 perceot discouot savings oo flights after 7:30 P.M., even without advance reservation, for ex-

Discount pricing is an idea other airlines have long used with success, but Lufthansa had been prevented from offering discounts by German laws designed to prevent price gouging. More liberal European Community guidelines now overrule the German restriction.

The most controversial aspect of Lufthansa Express is something passengers are unlikely to hear much about: The starting pay for a crew on Express flights will be about 25 percent less than on traditional Lufthansa flights. That is a source of considerable savings to the company, whose employees are some of the bestpaid in the industry. In 1991, personnel costs accounted for 32.4 percent of Lufthansa expenses. Union leaders agreed to the

new, lower price structure at

By Barbara Smit

Analysis feit that the Daimler offer was not realistic at the reported price, although it was above the price of 15.80 guilders at which Fokker closed Friday. "The Germans are not only buying the shares, they are also buying the Fokker know-how and that is worth a lot," said

Both Fokker and the Dutch government declined to comment on

the report published in the Dutch newspaper De Volkskrant. Enk Jan Nederkoorn, the Fokker chairman, had affirmed that the

agreed on a price ranging between 45 and 50 guilders a share. Under a deal reached between the three parties in July, Deutsche

an estimated 500 million guilders and buy the government stake.

milhon Deutsche marks (\$60 mil-Passengers, meanwhile, also hon) a year, in part by centraliz-ing maintenance work and flightshould notice immediate im-

#### By Michael Richardson International Herald Tribute

UALA LUMPUR - Strong domestic demand and buoyant intra-Asian trade and investment are sustaining fast rates of economic growth in Southcast Asia usepter an ominous slowdown in the United States, Japan and fast rates of economic growth in Southeast Asia despite-Europe, which are major markets and sources of capital for the region

But analysts caution that if leading industrial nations slide into prolonged recession and talks on liberalizing world trade collapse, the export-oriented economies of Southeast Asia are bound to suffer

Still, officials are optimistic that even if regional growth slows, it will remain much higher than in

the West In a recent survey for the Pa- Now it is the

...

cific Economic Cooperation developing countries Council, a group of leading regional economists forecast that that are trading with in the three years to 1994, real economic growth in Malaysia would increase by an average of

percent annually, Thailand by

**Cross Rates** 

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7.8 percent, Indonesia by 6.2 percent, Singapore 5.8 percent and the Philippines 3.4 percent

each other.'

The coordinator of the 17-nation survey, Lawrence B. Krause, a professor in the graduate school of international relations and Pacific studies at the University of Californic Scr Diego, said the picture that emerged was of "a two-tiered" Asta ... ific region.

He said that recovery in the five advanced Pacific economics the United States, Japan, Canada, Australia and New Zealand was not as robust as in previous upturns. Peru and the Philippines also were growing sluggishly.

But the other 10 developing and newly industrialized economies all but Chile and Mexico located in Northeast and Southeast Asia - were split evenly between rapid growth of 5 percent to 6 percent a year, and even faster expansion of 7 percent to 10 percent annually. Growth in the 10 averaged 6.6 percent in 1991.

" Mr. Krause said that while it was natural for developing countries in the midst of industrialization to grow faster than mature economies, the surprise was that global recession seemed to have had little impact on the catch-up process. "Growth of international trade has been of critical importance in"

See GROWTH, Page 15

#### in pendular, ping-pong fashion. The potential for cutting costs is substantial. The airline expects Lufthansa Express to save the un-

profitable parent company 90 day did not end where it began.

Lufthansa currently pays for 100 hotel rooms every night in the Cologne region alone to house , route structure will minimize deflight attendants whose working

crew housing.

ansa Express will speed up the check-in process, and the new lays, Lufthansa said. About 10 division as an entirely separate percent of domestic flights are unit paying even less.

Lufthansa Express in September in exchange for a concession by the carrier not to establish the

#### Major Faces a New Revolt by Tovies on Maastricht **Chicago Acts**

Compiled by Our Staff From Dispatcher LONDON - Prime Minister John Major's government, which narrowly escaped a Conservative Party mutiny over Britain's coal crisis, appeared to be heading for another clash with the party Friday over the Maastricht treaty on European union. The government also may

headed toward problems with labor unions over plans to shut five big London hospitals. Health public, threatening Mr. Major with ons warned that the closures would cost 20,000 jobs. The latest clashes, on the hecks of

humiliating concessions Mr. Major was forced to make this week over a mine closure plan, appeared to pose a genuine threat to the prime

inister's political survival. Resumed debate on ratification of the treaty, originally set for next week, was forced back by the furor

Special to the Herdd Tribane PARIS — The British govern-ment might learn a lesson about coal from France, which has exover the coal crisis. The Conservative leader of the tracted itself from the business over the past decade with hardly a House of Commons, Anthony Newton, announced Thursday that whn a preliminary debate on Maastricht would be held Nov. 4, with a detailed review later in the month.

jobs have been eliminated in France since 1984, outright firings have been rare. The state-owned coal company, Charbonnages de Conservative members of Parlia-ment outside of the leadership, who are known as backbenchers, over-France, has turned instead to a

to bring Maastricht back to the House of Commons until late in the Sir Rhodes Boyson, a member of the executive of the so-called 1922.

year, in the interests of party unity. Committee that serves as a liaison The Commons, just back from a between conservative members of Parliament and the government, long summer recess, has not discussed the treaty since Deumark gave Mr. Major an ultimatum: devoted against it in June and France vote full time in the Commons to narrowly approved it last month. On Friday, Conservatives who oppose the treaty abraptly went job creation and economic recovery, or see the party divided in two. The Maastricht bill will take

hundreds of hours and it will split an embarrassing Commons debate the Conservative Party," be said in

whelmingly agreed Thursday that that some said could cost him his the government should delay plans job. a BBC interview. "The rest of the he voted in favor of the treaty when country will think. What is the it first came before the Commons. government doing? What we want "In this case," he said, "I shall is jobs. What we want is the econo- vote against the government because I think this has no bearing on my growing."

our present economic problems." Sources said his message was The warning was chilling for Mr. Major in two respects. First, it followed the rebellion

overwhelmingly backed by the 1922 Committee. from Conservative ranks over coal that left his government visibly "If Maastricht fails," said Peter shaken. Temple-Morris, a pro-Maastricht

Conservative legislator, "we would Second, Sir Rhodes was not one be dealing with the very survival of of the legislators who opposed Maastricht from the start. He said the government." (AFP, Reuters)

**To Limit** Damage

The Associated Press

CHICAGO - The Chicago Board of Trade suspended a brokerage headed by a high-ranking exchange official Friday and disciplined two traders whose questionable billion-dollar trades had jolted the Treasury bond market.

The incident had no lasting im-pact oo bond prices, and the ex-change said it had demonstrated "the resiliency of the unsurpassed system that guarantees financial inegrity."

But it caused some traders to lose mooey and embarrassed the world's largest futures exchange, which had been working its way miners in France have always been out from beneath the cloud of past mothered," said Therese Fruleux, of CdF's social services department scandals.

The actions stemmed from a series of unusually large trades of U.S. Treasury bond futures and opnons initiated Thursday by a floor, broker whose trades were guaranrity papers were always filled out for them." teed by Lee B. Stern & Co., a member for 20 years of the exchange's chite group of 120 clearing member

literally fueled France's industrial firms. Stern & Co. was not accused of Bernard Pache, CDF's chairman wrongdoing, but it was prohibited until this year - he is now chairfrom doing customer business, and its owners' exchange memberships man of the state-owned computer were suspended because it was un-

company, Groupe Bull SA - foable to pay about \$9 million in margin calls assessed against the cused on this grantude in profiling the company's reindustrialization Campaign in 1989. The miners and the mining refloor broker, identified by Stern & Co. as Darrell Zimmerry gions have cootributed to the histo-A margin call is a demand by the

ry of our nation too much to envisexchange for additional deposit age, much less accept, abandoning them in this time of change," Mr. money when the market moves against a trader's position. The owners of Stern & Co. are

Lee Stern, a former Board of Trade The state's generosity can be director who chairs the exchange's floor governors committee; his son Daniel, and Lester Mouscher, who was an exchange vice chairman until about two weeks ago, when he resigned because of illn

Their exchange memberships may be sold to pay any debt that arises from the trades, an exchange spokesman said. A full membership last sold for \$355,000 oo Oct.

Stem is reassessing their position." Lee Stern said Friday morning before the exchange board of directors acted. "When this entire matter plays out, I feel confiden that Stem will be back in business." He was not available for comment after the board acted, a receptionist in his office said.

closed in 1990. "Instead of radical Oct 23 devised a strategy to surgery, as in Britain, we wanted to soften the massacre. French coal, like British coal, costs far more to produce than it 9%-9% 9%-9% brings on the market. In fact, despite big gains in productivity in recent years, French coal still costs nearly 50 percent more to mine than the imported coal arriving at

> peaked at around 60 million tons after the war, providing jobs for 200,000 miners -- mostly though attrition Though it briefly flirted with maintaining, even increasing, production after the election of President François Mitterrand in 1981. the government had to face the reality of falling world coal prices. So it switched course in 1983 and directed Charbonnages de France to find an acceptable way out of the

French taxpayers a walloping 10 billion francs (\$2 billion) over the last six years, provides for early retirement, retraining, transfer of employees to other state enter-prises, repatriation of foreign workers and aggressive efforts to aid business creation in the affect-

ed areas. ed areas. "You might say our approach was akin to euthanasia," said Mi-chel Guffond, president of Fin-orpa, a CdF subsidiary charged with industrial redevelopment of

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The company devised a strategy

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Landon offic

Recognizing that it was facing a losing battle, the government, since 1967, has sought to gradually re-duce production — which had

situated in the northern coal basin, would be closed first, followed by the Centre-Midi basin in the south and finally the Lorraine basin to the east. After closing the northern field two years ago, CDF will probably shut down the southern mines over

the next few years, while Lorraine's pits should be definitively closed by 2005. Employment this year is to drop The state concern

its ports, transportation costs in-

12001 87949 1967 6467 17231 22110 48455 1750 15594 1590 1427 8174 2100 74147 N.A. 2459 44193 1532 171914 1762 Closings in Amsterdam, Landon, New York, Tarania and Zurich, Ruings in other centers. a: To buy one pound; b: To buy one dollar: ": Units al 100; N.C.: not quaded; N.A.: not Prime s Carryoncy Pors Marx, pase 3146,00 N. Zeeland S. 1.6671 Norve, Icross 24,07 Polit, pase 24,07 Polit, pase 24,07 Port, addato 134,75 Stant S. 1.648,00 Sandi Hrvai 31,745 Stant S. 1.648,00 Carrency Per 5 S. Afr. rund 2.9285 S. Kar, wax 72250 Sweet, kiram 5.4742 Tolwas 5 2522 Taol bobb 2552 Tarkish firu 76760 UAE dirhom 3.6722 Venuz boliv. 7470 2-yacr 1 5-yacr 1 7-yacr 1 18-yacr 1 38-yacr 1 Merrill Jepon Discour Calt me 1-mont 3-mont 6-mont 13-year

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(Taronio); LME (SDR); Gosbank (ruble). Other data from Ret

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Swiss

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**CURRENCY & INTEREST RATES** 

French

By Jacques Neher

Though close to 35,000 mining

#### For U.K., a French Lesson on Closing Coal Mines multifaceted program designed to to phase out production and pro-ease the pain for the miners and the country's three big coal-mining re-gions. The big coal-mining re-gions. The big coal-mining re-gions of the solution and pro-production and pro-more difficult time adjusting to a life without their work than em-ployees of other industries. "You must keep in mind that gions The program, which has cost

its northern coal basin, which

Further, there were humanitarian concerns for the miners, who, it was feared, would have a much

seen by looking at how the workers at the northern basin fared when the mines closed. Of 13,700 cmby between 13 and 15 percent from the 19,600 on the payroll at the end ployed there in 1987, 1,400 of them, aged 50 to 58, started their normal retirements; 2,300 workers who had put in 30 years of service but

of 1991, a spokeswoman said. Observers say the social policy for coal miners is more generous than programs devised for the textile or steel industries during their

were below retirement age went on early retirement; 700 were repainful restructuring of the last decade. The policy, they say, was an-chored in the government's fear trained and transferred to Electricité de France, the national electric utility; 2,100 were given reconverthat a more aggressive mine-closing

sioo bonuses of up to 300,000 francs, retrained and hired by other plan would spark violent revolt from the miners and electoral recompanies, which, in turn, were volt from the affected regions, ingiven 30,000 francs for each former

miner retained for at least two years; 1,100 were switched to other jobs in the company; 300, of Mo-See COAL, Page 16

in the oorthern mine basin. "They

have had free bousing, free trans-

portation - even their Social Secu-

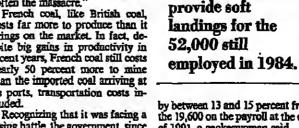
Lastly, there was a sentiment of

official thanks for the people wbo

development.

Pache said at the time.

· · · · /



habited by more than 8 million people.

#### Page 12 MARKET DIARY

## **Prices Edge Higher On Economic Hope**

Bloomberg Business News NEW YORK - U.S. stocks closed marginally higher Friday as the economic picture brightened

somewhat. The Dow Jones industrial average rose 6.76 to 3,207.64, after see-

N.Y. Stocks

sawing as much as 10 points in either direction throughout the session. Standard & Poor's 500 fell 0.80 to 414.10, while the Nasdaq Composite Index inched up 0.21 to 597.33.

Advancers outpaced decliners by 2 margin of nearly 8 to 6 among common stocks on the New York Stock Exchange. Trading, though brisk, was the lightest this week, with about 199 million shares changing hands on the Big Board. For the week, the Dow indus-

trials added 33.23 points. "I think the market's in a holding pattern," said John Blair, head of equity trading at County NatWest Securities. "People are waiting for the outcome of the election and for

what Clinton's going to do." The economy, specifically Gov-ernor Bill Clinton's plans to speed recovery, has dominated investor attention for weeks. The latest 10-day car sales, for

mid-Ocuber, were better than ana--lysts had expected. General Motors

Corp. reported a 9.6 percent in-crease in sales, while Ford Motor Co. said sales bad surged 27 percent. Chrysler's sales were estimated by Ward's Automotive Reports to have fallen 8 percent.

The news followed Thursday's reports that the number of Americans filing initial unemployment claims dropped for the third straight week and that the nation's M2 money supply increased \$9.5 billion in the week ended Oct. 12. The Dow Jones transportation

average, which has risen almost 10 percent in the past two weeks, soared 19.74 to 1333.17, led by railroads and trucking companies. In contrast, traditional "growth" stocks like tobacco, bealth care, drugs, and telephone stocks led the retreat in the S&P 500. Sun Microsystems leaped 3% to 32 as investors looked beyond an

82 percent plunge in first-quarter earnings to a roster second quarter. Smith Barney Harris Upham raised its rating of Sun to "hold" from underperform." GM, up % to 3312, continued to

climb as expectations of the resig-nation of its chairman, Robert Stempel, intensified. Salomon Brothers raised GM and Ford to "buy," and Prudential Securities boosted GM to "buy" but lowered Chrysler to "hold" from "buy,"

Via Associated Press Oct. 23			
The Dow	Dow Jones Averages	EUROPEAN FUTURES	
Daily closings of the	Orten High Low Last Chg.	Close High Low Prev.Close	High Low Last Settle Cirge
Dow Jones Industrial average 380	Indus 3206.02 3223 57 317576 3207.64 + 676 Trons 1217.66 1341.63 1311.91 1331.17 + 19.74 UNIT 316.20 2177.02 215.32 216.34 + 6.29 Camp 14.727 1164.16 1139.39 1152.26 + 4.44	Food	BRENT CRUCE GIL (IPE) U.S. delians nor harrel-lots of 1,800 herrols Dec 20,27 19,95 19,99 19,99 — 0,13
	Standard & Poor's Indexes	High Low Glase Charles WHITE SUGAR (Mattif) Dallars per matric top-lets of \$1 tons	Jan 20.26 19.96 20.01 20.61 -0.11 Feb 20.15 19.91 19.94 19.94 -0.11 Mar 20.03 19.85 19.85 19.81 -0.10
	Hish Low Cless Criss Industrials 45.33 45.44 45.96 - 1.16 Transp. 342.23 35.52 340.56 + 4.95	Citaling Dec 299.39 251.59 290.00 299.30 - 1.207 Mar 260.09 257.50 251.09 260.00 - 200. Mary N.T. N.T. 259.00 241.50 - 1.10	Apr 19.50 19.53 19.50 19.71
	Utilities 19277 151.77 151.92 - 477 Finance 34.67 34.33 34.39 + 106 3P 580 414.22 414.71 414.18 - 4.59	And R.T. K.T. 2250 2310 - 120 Oct N.T. N.T. 2200 2310 - 120	Jai 1951 1953 1953 1953 1954
	SP 100 380.55 376.56 377.17 +413	Est, sales 246. Prev : 63. London Pax commodity prices were of gratiable for this edition due to problems of the source.	Stock indexes
220.	High Low Class Chips	Metals	High Lew Clean Change FTS& THE (LIFFE) CS per Index paint
	Composite 223.21 227.77 227.83 - 5.27 Industricts 251.52 251.30 251.20 - 6.54 Transp. 196.59 172.17 186.59 + 2.57 Utilities 196.51 196.59 172.54 - 6.66 Finance 185.29 182.54 + 6.66	Class Previous Std Ask Bid Ask	Liss per invest power         2077.6         2177.6         2179.0         + 21.8           Dec         2724.0         2070.0         2741.8         + 22.8           Mer         2724.0         2040.0         2741.8         + 22.5           Jun         N.T.         N.T.         27.8         + 22.0
		ALLIMINUM (Hins Grode) Dollars per metric ten Sept 116120 116220 116250 116250 Forword 116550 116200 116750 118500 COPPER CATHODES (Hun Grode) Shring per metric ten	Est. volume: 3,112. Oven Interest; 44,45. Sources: Reviers. Matti, Associated Press. London Ini7 Financial Futures Exchange. Ini7 Petroleum Exchange.
3000	HASDAQ Indexes	Sterling per main's ten Soot 1322.00 1364.00 1287.00 1382.00 Ferword 1409.00 1416.00 1416.00 1411.00 LEAD	Int'l Petroleum Exchange.
		Starting per metric top Sect 234.05 324.50 320.06 221.05 Ferward 336.50 334.50 321.06 234.66	Spot Commodities
	Industricia         III.S         III.S <thiii.s< th="">         III.S         III.S</thiii.s<>	Start Start Ser Der Trattic tes Sort 224.00 204.50 201.00 201.00 Forward 394.00 204.50 201.00 201.00 NICKEL Dellars per metric tes Sort 452.00 473.00 4071.00 4081.00 Forward 4200.00 471.00 4145.00 4145.00 The Dellars per metric tes	Aluminum, ib 0.427 0.528 Coffee, Broz., ib 0.5175 0.51
Yal, Hish Low Last Chy.	AMEX Stock Index	Tin Deliars per metric tas Sout Strand State States States	Load, Rb 0.37 0.37 Silver, tray az 3,775 3,76 Statet (billista), tan 07,00 07,00
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Sumbary 18710 3414 7114 7114 - 14	Class         Class         Carbo           20 Bonds         101.91         -0.07           10 Unfiltrica         102.14         -0.01           10 Industrials         101.82         Uects	High Low Close Change S-MONTH STERLING (LIFFE) STRAND - pts of 100 pct	Company Per Ant Pay Rec.
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AMEX Most Actives	NYSE 4 g.m. volume 397.900 gan	Source         State         State <t< th=""><th>ElisawithCovidentia Emaine Statistics Elec. 0, 224 11-39 11-2 Emains Carp. 0, 225 11-15 Finator Carp. 0, 225 11-15 Finator Carp. 0, 225 11-15 Finator Carp. 0, 225 11-15 Finator Carp. 0, 245 11-15 Finator Carp.</th></t<>	ElisawithCovidentia Emaine Statistics Elec. 0, 224 11-39 11-2 Emains Carp. 0, 225 11-15 Finator Carp. 0, 225 11-15 Finator Carp. 0, 225 11-15 Finator Carp. 0, 225 11-15 Finator Carp. 0, 245 11-15 Finator Carp.
Vol. High Low Lost Chs.	Amer prev. cons. close 17,844,800	See         72.54         72.50         72.51         + 0.01           Dec         #1.55         #2.51         #2.51         + 0.01           Alor         #2.16         #2.10         - 0.04           Est. volume:         52.71.3. Open Inducest; 227.574	Bernevic Gommon 0 (2112-16 11-20
ODevA 19159 4% 4% 4% 4% + 'S Berolin 4817 174 16% 174 + 'S Suicus 4817 7% 7% 7% 7% 7% + 'S Horizon 1861 7% 7% 7% 14% + 'S	NASDAQ 4 pm. vitume 229 //1.400 NASDAQ pm. 4 pm. vitume 229 //1.400 NYSE volume do	ST TRUE on a start of the act	Southwark National G 25 72-10 11-10 Imcara Group Inc. G 11 72-31 12-17 Jostens Inc. G 22 12-1 11-14 Middlassex Woter Co. G 22 17-1 11-13 South Carolina Fed. G .16 11-16 11-2 VF Caro
CiDevA 10150 474 444 45 474 + 92 Beroller 4927 174 1644 174 - 92 Sulcus 4812 744 776 244 + 92 Horken 3961 25 23% 22% 174 - 192 Horken 3961 25 23% 27% 174 - 19 Horken 3961 25 23% 27% 174 - 19 Horken 3961 25 25% 27% 174 - 19 Horken 3961 25 25% 27% 174 - 19 Horken 3961 25% 25% 25% 174 - 19 Horken 3961 25% 25% 25% 174 - 19 Horken 3961 25% 25% 25% 174 - 19 Horken 3961 25% 37% 174 + 19 Horken 3961 25% 37% 174 + 19	A Text volume in 244218 Antext volume in 244218 HASDAG volume in 111202 KASDAG volume down 51223		INITIAL
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Elon s 2444 30 2376 2946 + 46 Collena 2224 1344 1376 1376 + 15 Full 2016 2324 1344 1376 + 15 PhiLO 2000 374 344 344 - 34	Oct.22 711454 873548 47,699 Oct.21 74555 574571 47348	S-MONTH EUROMARICE (LIFFE) DATI BUILIND - pis of 148 pct	American General 0 .52 12-1 11-6 Arco Chemical 0 .42 1/2 12-4 11-6 Arconout Group Inc 0 .21 11-77 11-3
NYSE Diary	Oct. 17 907.524 875.533 17448 Oct. 16 880.335 857.318 21.561 *lactuded in the sales flourne.	Mar 12.00 12.01 12.71 + 144 / Jan 11.50 12.14 12.77 + 1.12 / Sep 11.55 12.41 12.07 + 1.12 / Dec 12.14 12.07 12.01 + 1.14	Confer viruling of a second se
Close Prev.	S&P 100 Index Options	Mar         FLM         FLM         FLM         FLM         FLM           Jun         FLM         FLM         FLM         FLM         FLM           Jun         FLM         FLM         FLM         FLM         FLM           Doc         FLM         FLM         FLM         FLM         FLM           Aver         FLM         FLM         FLM         FLM         FLM           Jane         FLM         FLM         FLM         FLM         FLM           Doc         FLM         FLM         FLM         FLM         FLM         FLM <th>Martine Bancahares         O         12         12-11         12-12           Martine Bancahares         O         15         11-13         11-2           Pillaer locc         O         32         12-17         11-20           Seque Carp         Q         -15         13-31         72-15</th>	Martine Bancahares         O         12         12-11         12-12           Martine Bancahares         O         15         11-13         11-2           Pillaer locc         O         32         12-17         11-20           Seque Carp         Q         -15         13-31         72-15
- Advanced 911 805 Declined 515 944 Unchanged 406 972 Total Issues 2354 2364 New Highs 96 40 New Highs 36 41	Oct.23 Strike Calificant Path-Last Prinz New Dec Jam Feb New Dec Jam Feb	Mar 91.30 91.30 11.30 + 1.12 Est. volume: 52.407. Open Interest: 275.730. LONG GILT (LI FFIII) 535.401 - pts & 236.401 of 100 pct	Seauc Carp G .15 13.31 17-15 Symmet Carp G .30 12-7 11-13 Torchmet Carp O .3407 2-1 1-4 Trinova Carp G .17 13-15 11-33 UST Inc G .17 12-15 11-33
New Lows . 36 41	2011日	STUAM - pts & 32ads of 100 pct Dec 100-26 97-87 100-12 + 1-08 Mar 97-22 97-88 97-22 + 9-28 Est. volume: 36,077, Open Interest: 38,729,	Yellow Freight Sys 0 22 5 11-16 11-2 Alcon Alemhnuro 9 27 16 12-31 11-28 Annoust Industrial 6 12 12-24 12-4 Bodar Hubbes Inc. 6 11 16 11-56 12-
Amex Diary		GERMAN GOVERNMENT BUND (LIFFE) DM 250,000 - Pos of 100 pct Dec 91.99 91.20 91.70 + 0.42	Tritowa Carp         6         71         12-15         11-41           UST Inc;         6         30         12-15         12-15         12-15           Vellow Freibrit Sys         0         23 to         11-16         11-3           Accord Astrihuizo         6         37         12-15         11-48           Accord Astrihuizo         6         37         12-15         11-48           Accord Astrihuizo         6         17         11-26         11-26           Accord Astrihuizo         6         17         11-26         11-26           Accord Astrihuizo         6         34         12-11         11-26           Acrost Manthese Inc.         6         34         12-11         11-26           Acrost Manthese Carp         9         25         11-30         11-45           Candoantrex Carp         9         25         11-30         11-45           Candoantrex Carp         9         25         11-30         11-45           Candoantrex Carp         9         35         11-30         11-45           Candoantrex Carp         9         35         11-30         11-45           Candoantrex Carp         9         35
Advanced 275 237 Declined 254 253		Dec 97.5 97.32 97.73 + 6.42 Mar 97.5 97.32 97.73 + 6.42 Est volume: 61.221. Open Interest: 146.7%	Cashe (AM) & Co G 0 11-20 10-36 Central & So West O 0 12 /2 11-30 11-7 Century Bricip cl-A O 0 22 /2 11-16 11-2
Advanced         275         237           Declined         254         252           Unchanged         271         232           Totol Issues         240         721           New Highs         14         16           New Highs         11         12		CAROLI (IDED	Canatury Bincro cf-A O 112 % 11-14 11-2 Ontoe Corp A 155 11-30 10-30 Ontoe Corp A 155 11-30 11-4 Oncoment GALE G 42 11-15 11-4 Oncoment GALE G 42 11-15 11-4
NASDAQ Diary	Calls: tolal val. 45.441; total aren ind. 201144 Puts: total val. 55.761; total aren ind. 40486	U.S. stellars per metric top-lots of 366 tens	Circiniant Gale         G. JP         Jail         1-2         1-3         1-2           Coruminant Gale         G. JP         1-2         1-2         1-2         1-2           Coruminant Corumation         Gamma         Jail         1-2         1-2         1-2           Corumation         Counting         G. JP         1-2         1-4         1-2         1-4           Corumation         Counting         G. JP         1-2         1-4         1-4         1-4           Corumation         Counting         G. JP         1-2         1-4         1-4         1-4           Corumation         Counting         G. JP         1-2         1-4         1-4         1-4           Corumation         Gammation         JP         JP         1-4         12-3         1-4           Point People Mall         Heart         O. JP         11-15         11-3         11-3           First USA         A. 2017         11-15         11-3         11-3
Clase Prev.	Dec 71 Dec 91 Dec 94 Dec 91 Dec 94 Dec 93		Contractive         O Addia         11-33         11-31           Dentra Air Lines         G         32         1-4         12-11           El Posto Notural Gas         G         32         1-4         12-11           Fina Inc.         G         42         12-31         12-3           Martin Monteria         O         42         12-31         12-3           Martin Monteria         O         42         12-31         12-3           Priso Inc.         O         37         12-13         11-2           Secar Carp         G         30         12-33         11-3           Torcinnett Carp         G         37         12-13         11-4           Torcinnett Carp         G         30         12-14         11-4           Torcinnett Carp         G         30         12-14         12-3           Accar Abrinhiluro         G         31         12-3         12-3           Sechar Munhelles
Declined 1,112 Live	3710 41 Via 1 44, 34, 472 Collis: Indeal vol. 37: Indeal capita int, 36,200 Padis: Indeal vol. 562; Holad capita (st. 191,412	June 174.30 125.75 175.75 175.75 + 0.25 July 174.30 176.26 174.75 175.75 + 0.25	s-coursel; c-Canadios rate; se-monthity; e-
			Source: UPL
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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

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## GM Reorganizes Passenger Car Unit

GM will reduce to four from six the number of its passenger car division and the Fint antomotive divisions. It said the Cadillac motor car division and the Fint antomotive division are being merged into the Cadillac Tunny cir engineering and manufacturing division. The midsize and rear-dive and manufacturing division. The midsize and rear division and the To a new midsize car division. The samouncement came in the midst of reports that GM's chairman. Robert C. Stempel, will be asked by the board to resign. Earlier Friday, GM officials said the Mr. Stempel, 59, "remains as chairman as the division as the midsion of the midsion as the midsion of the second to resign. Earlier Friday, GM officials said the Mr. Stempel, 59, "remains as chairman as the division as the midsion of the midsion as the midsion of the midsion and the midsion of t 19.99 - 0.13 20.61 - 0.11 19.54 - 0.11 19.51 - 0.10 19.51 - 0.15 19.53 - 0.15 19.53 - 0.15 19.53 - 0.15

Robert C. Stempel, will be asked by the board to resign. Earlier Friday, GM officials said the Mr. Stempel, 59, "remains as chairman at this time" and that he is continuing his schedule "on an hour-by-hour basis." (AFX, Bloomberg)

Stone Container Expands in Europe CHICAGO (Reuters) — Stone Container Corp. said Friday that its German subsidiary, Europa Carton, signed a letter of intent to merge its folding carton operation with Financière Carton Papier of France. The new company will be owned equally by Europa Carton and shareholders of Financière Carton Papier, Stone said. The combined company would operate eight manufacturing facilities with annual ales of about \$425 million. of about \$425 million.

It will be one of the largest folding-carton operations in Europe. Stone's Europa Carton has operations in Germany and the Netherlands but none in France, a spokesman said.

#### Goodyear's Profit Rockets by 75%

AKRON, Ohio (Bloomberg) --- Goodyear Tire & Rubber Co. said Friday that third-quarter net income jumped 75 percent to \$103.3 million as strong sales of its "Aquatred" and other new tire lines helped it gin U.S. market share.

Goodyear, the last U.S.-owned automobile tire manufacturer, said net income rose to the equivalent of \$1.44 a share from \$1.01 a share in the third quarter of 1991. Sales increased to \$3 billion from \$2.8 billion.

#### **Crude Prices Help Exxon, Mobil**

NEW YORK (Reuters) — Excon Corp., the largest U.S. oil company, on Friday reported slightly higher earnings for the third quarter, while the No. 2 company, Mobil Corp., had a solid gain. Higher crude prices helped both. Excon said its profit totaled \$1.14 billion, up from \$1.12 billion a year earlier. Revenue rose to \$30.64 billion from \$27.52 billion. Excon cited higher maximum from its U.S. employer for and uportection corrections in

higher earnings from its U.S. exploration and production operations in explaining the slight gain. But it said margins on its refined-petroleum products were weaker than a year ago and that foreign earnings had declined

Mobil reported a 13 percent increase in profit, to \$413 million, citing higher oil and natural gas prices and reduced costs because of restructuring,

#### Skandia America Turns Down Bid

NEW YORK (AP) - The troubled reinsurer Skandia America Corp. said Friday it had rejected a \$500 million takeover bid from a New York investor group.

Sources said the company's parent, Skandia Group Insurance Co. of Sweden, believed the offer was too low. John Head & Partners had sent a letter to Skandia in Stockholm outlining a proposal that offered \$400 million in cash and \$100 million in preferred stock for the company.

#### For the Record

CIGNA Corp. said in Philadelphia is would take a third quarter net charge of \$105 million, or \$1.46 per share, for charges associated with its property and casualty segment. (Reuters)

Robert K. Gray, 71, has resigned as chairman of Hill and Knowiton, one of the world's largest public relations firms. (AP)

The New York Times Co. posted a third-quarter loss of \$33.9 million. The Times wrote off costs of a printing facility and closing a Georgia (Bloomberg) newspaper.

	compared with 8.29 percent the day before. Ten-year French bonds yielded in New York, the dollar also finished at 121,65 yen, compared	U.S. FUTURES	E consettar a
	rable German bonds, compared with 120./5; at 1.3634 Swiss francs, with a one-month average of 112 basis points. The German 10-year bond rose 0.17 points to 99.68 the frances after 5.1175, The British bond rose 0.17 points to 99.68 the frances after 5.125 from the British toward an "open skies" agreement have broken up and will resume in Washington next month, possibly on Nov. 9, the Department of Trans	Via Associated Press         Oct, 23           Senson Secson High Law         Open High Law         Open High Law         Secson Secson High Law         Open High Law         Secson Secson High Law         Secson S	ten frankligen and ten for the second
	with a one-month average of 112 basis points. The German 10-year bond rose 0.17 points to 99.68. In France, the call money rate continued to fall, to be about 10.125 percent, compared with 10.25 percent Thursday. The French franc was little changed at 3.3933 (rance per mark, compared with 3.3952. the The Bundesbank injected case	11. 2 000 he minimum datime and he had '	
		Jul 1.17 1.17 1.192 1.15/2 12 Prev. Day Open Int. 15.05 09 310 5 per mork - 1 point equals \$0,000	
	Agence France Presse Oct, 23 Close Press. Close Press.	CORH (CBT)         Metals         A320	Via Jacobi Print Print Via Jacobi Via
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	Givi-Broandes 30.51 20.51 Pontolo 22.50 30 North Power 2.48 2.46 Air Liquide 751 734 Coles Arow 146 3.47 Conscion Turbo N.C	- 3 300 3.72 - 0.75 300 3.02 - 0.75 300 50.004 3.02 - 0.75 300 from 02. 200 from 02	<b>P</b> I
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	Branch Itali         Branc Group         123         124         125         126	5 60,000 bas dollars per 100 lbs.	NFUKM. ROM INTERI
	United war         187,77         157,20         17,40	First, Carl Open (Int. Aulas) on 244       Est. Soles 5,000 Prev. Soles 4,274       67.45       55.25       Dec. 11/0       61.35       62.35       55.25       Dec. 11/0       61.35       62.35       55.25       Dec. 11/0       61.45       62.45       55.25       Dec. 11/0       61.45       62.45       55.25       Dec. 11/0       61.45       62.45       55.25       Dec. 11/0       61.45       55.25       Dec. 11/0       61.45       55.25       Dec. 11/0       61.45       55.25       Dec. 11/0       62.45       55.25       Dec. 11/0       62.45       55.25       Dec. 11/0       61.45       55.25       Dec. 11/0	INVESTOR
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## RATES: Dollar, Europe Stocks Up

percent, and the Lombard rate lending government funds on de-stands at 9.5 percent. The latest posit with the central bank to com-German repurchase rate, the rate at which the Bundesbank is perceived to target call money rates, is at 8.75 percent.

Comments by Finance Michel

#### Foreign Exchange

Sapin that interest rates were heading lower in France and Germany also fueled speculation. Ten-year French bonds due

2000, for December delivery on the MATIF futures market, closed up 0.44 points at 110.72, the highest level since mid-1989. Among French treasuries, or Ob-

lightions Assimilables du Tresor, the bellwether 8.5 percent bond due 2002 yielded 8.22 percent,

Advar Decilis Unch Totel New New mercial banks at 8.80 percent. The Italian discount rate cut came after the government won a vote of confidence Friday on a decree to freeze salaries in the public Ame sector and impose a series of new taxes. Together with a bill reforming Advan Declin Uncha Tatal New I key spending areas ratified by the upper house on Thursday, the move will secure 71 percent of the

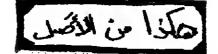
93 trillion lire (\$70 billion) in savings the government had aimed to make on the budget. The discount rate was last moved

NAS

on Sept. 4 when it was lifted to 15 percent from 13.25 percent as part of an unsuccessful attempt to defend the lira in the European ex-

(Continued from first finance page) into the German money market by

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But the banking commission, which met secretly for weeks with

Credit Suisse and the Association

of Regional Banks over Ekobank's

difficuldes, said the temporary elo-

sure of the bank was not compara-

ble with the liquidation of the Thun

But be acknowledged that if

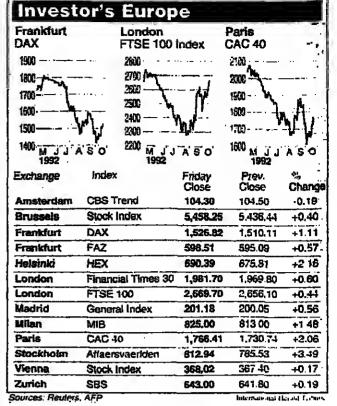
The commission's vice director,

forced to close it permanently.

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

#### EUROP

Page 13



#### Very briefly:

 Russia's first currency futures market opened with trading in December rubles at 440 to the dollar and finishing at 461, while the ruble remained stable on the Moscow Interbank Currency Exchange at 368.

• The Arab Monetary Fund has dropped charges against First National Bank of Chicago in an embezzlement case involving the AMF's former ehief, Jawed Hashem; the Chicago bank has agreed to pay a further \$13.45 million as a settlement, nn top of an earlier \$550,000.

 Société Nationale des Chemins de Fer Français and Régie Autonome des Transports Parisiens said they are likely soon to place multibiliton franc orders for rolling stock with GEC Alsthom for a oew Paris metro line and the RER express network serving the capital's suburbs.

• The European Community is considering a 10-fuld increase in imports of eluthing and textiles from Viennam, the EC Commission said.

agreement with Kapena of Poland to assemble vehicles in Slupsk, near Gdansk.

 Dic-Degrémont, a jnint company set up in Tokyo by the French group Lyonnaise des Eaux-Dumez and its Degrémont subsidiary, signed two licensing agreements with two Japanese groups.

• Laboratoire Hydraulique de France is going to install a data transmis-sion system in Shanghai in help manage bydrological risks.

. Ford-Werke AG, the German branch of Ford Mnior Co., has set set up a delivery system using five Rhine River barges between Worth, in south-ern Germany near Karlsruhe, and Vlissingen, a Dutch port. Reuters, AFX, AFP, Bloomberg

## Swedes Agree to a Tax Rise And Spending Reduction

Agence France-Presse The emergency program was de-STOCKHOLM - The Swedish signed after long discussions initicenter-right coalitioo government ated Sept. 20, when the first emerand the Social Democratic opposioon have formally agreed on a final economic emergency package, Fi-nance Minister Anne Wibble an-

gency package was presented in an effort in resolve the deep economic crisis in Sweden. Social programs will be reduced beavily, with the standard industri

oounced Friday. It is designed to reduce public of vacation to be cut by two days expenditures by 34 billion kronor while health insurance compensa 5.96 billion) and increase taxes by tion will also shrink. Housi cations will be cut by 3 billion krc 8 billion kronor by 1994, she said. The proposal includes measures aimed at reducing the structural nor as of Jan. 1, 1994. The pension eligibility age will gradually b raised from 65 to 66, starting Jan. 1 budget deficit, strengthening trade and industry's competitiveness and 1994, and ending in 1998. The tobacco, gasoline and foo-taxes will be raised, while th fighting uncomployment. The budget deficit for 1992-93 is planned cut from 30 tn 25 percen 160 billion kronor, while the public sector deficit is estimated at 110 in the tax on investment incom billion kronor for 1992, 135 billioo will be delayed for two years. Military costs will also be re cronor for 1993 and 145 billion kronor for 1994. duced by 1.2 billion kronor.

**ESPIRITO SANTO** 

**FINANCIAL HOLDING** 

ESFH is a holding company whose subsidiaries and affiliates undertaka international banking and financial

activities In Western Europe, USA and Brazil. ESFH has

a majority controlling interest in Banco Espirito Santo e

## Lamborghini And Ferrari Set Cutbacks

The Associated Press

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ataine I Manhall MILAN - Ferrari and Lamborghini, makers of luxury sports cars, on Friday announced production cuts or layoffs because of the crisis in world auto markets. The move came a day after Maserati announced big layoffs. Ferrari, the renowned company

owned by Fiat SpA and the manage er of a Formula One racing team, said it would lay off 970 workers, or half nf its manpower, fnr 13 days beginning Nov. 2. The temporary layoffs are in-

Trafat Hawkets las tended to reduce production by 150 cars. Ferrari, whose models cost up to 400 million lire (\$300,000), made 4,595 automobiles in 1991.

Lamborghini, which is based near Bologna, said 150 of its 503 workers may face dismissal because of reduced production. Mascrati, which is owned by the Argenune-born industrialist Ale-

jandro de Tomaso, said Thursday in- Haply ton that it would close its Milan factory by mid-December. The plant, which employs 1,030 workers, makes three Mascrati cars and 55 Mini utility cars a day.

Fiat said this week it would lay off from 23,000 to 32,500 workers for two weeks in November.

LEIPZIG - Deutsche Shell AG, the German unit of Royal Dutch/Shell, amounced Friday it intended tn invest from 700 million Deutsche marks to 750

At EC, Gnomes in Shadows Who Sets Monetary Policy? Try to Find Out Bloomberg Business News

BRUSSELS - Since its founding in 1958, the EC Commission's monetary committee has taken on the trappings of a clandestine organization.

Some of it is necessary. The committee decides all major adjustments in European Community currency rates, including realignments of the European exchange rate mechanism and the European currency unit. News of an impending realignment must be kept from currency speculators.

But the committee has overdone it, in the view of some, even keeping the names of its members secret. It usually refuses to disclose the date and time of its regular monthly meeting or what issues it will discuss, though the meetings usually are on Monday or Tuesday near the middle of the month. The meetings are closed and the committee never holds a news conference afterward. When it makes a major decision, it issues a lerse, half-page statement.

Little by little, however, the committee is relenting. It has revealed that it is preparing a report on the future of the European Monetary System, with recom-mendations for changes to the ERM. For once, it has announced it was meeting Friday in Berlin for its once-a-year meeting away from Brussels. Officials told journalists that this was just a regular monthly meeting and they should not expect anything so dramatic as an ERM realignment.

But late Friday, participants in the meeting at the Hubenschönhausen Castle were making preparations to continue the session on Samrday, officials close to the German delegation said. At a meeting of economics and finance ministers in

Luxembourg last Monday. the German undersecretary of state at the Ministry of Finance, Horst Köhler,

five-year program.

started talking to journalists about the committee, openly acknowledging he is not of its members. Shrewd reporters have been able to get the names of other members

With the issues surrounding European monetary union more pressing than ever, attention will be fo-cused on the committee as never before.

It remains to be seen how far the monetary group will go to exhibit the openness and accountability that the Community has pledged for all its institutions. Journalists find it hard to believe the committee will really change much.

Under the committee's statutes, agreed by EC Gnance ministers in 1958, the mometary group is inde-pendent of other EC institutions. Each of the 12 member countries and the EC Commission appoints. in the north-central city of Olten. It two members. Members' terms are two years. The was founded in 1829. committee elects a chairman from among its members. Decisions are made by a simple majority. The committee's statute says all its discussions

"shall be confidential." It doesn't actually say that the timing of the meetings or the names of the members should never be revealed. This appears to be a practice that has grown up over the years. Once all the members of the committee have gath-

ered, the doors are locked and guarded by a team of bemused security guards. The pack of journalists waits on the street, sometimes until dawn, for some news. Portugal Stresses Strong Escudo

Portugal remains committed to a stable escudo and sees no need for a major overhaul of the European Monetary System, its central bank governor, Miguel Beleza, said Friday, Remers reported from Lisbon. He reaffirmed Portugal's intention to lift all controls on capital movements by the end of this year.



hank.

million francs and had capital re-

ZURICH - Credit Suisse said sources of 67.6 million francs. The banking commission said Ekobank was forced to close be-Friday that it had stepped in to save a medium-size regional bank from collapse and Switzerland's cause depreciations, required by banking industry, under pressure the collapse of the real estate marfrom the economic downturn, from ket, had rapidly exhausted its capia damaging loss of confidence. The Federal Banking Commistal reserves.

sion has ordered the temporary closure of the EKO Hypothekar- & Handelsbank while the takeover is approved by shareholders. The bank, known as Ekobank, is

"Crédit Suisse hopes to make a

"This is only a temporary clusure to protect creditors and the bank contribution to maintaining the standing of Switzerland as a finanwill almost certainly reopen next cial center," said a spokesman for week," the banking commission dithe bank, explaining the takeover. The reputation of Swiss banking rector, Kurt Hanri, said. suffered last year when a regional Crèdit Suisse had not been willing in rescue the Olten bank the bankbank of similar size, Spar- & Leihkasse Thun, closed. ing commission would have been

"Quite clearly something like Thun is something we want to avoid," the Crédit Suisse spokesman said.

Acr Lingus

order.'

Ekobank, the 13th-largest of 189 regional banks, has assets of 1.6 billion Swiss francs (\$1.2 billion). At the end of 1991 it was weighed down by mortgage loans of 900

the proposal "savage and reprehensible."

Europe or the United States.

Daniel Zuberbühler, warned at a banking seminar last month that the closure of another bank like that in Thun would badly damage public confidence in the banking industry.

DUBLIN -- Prime Minister Albert Reynolds says the government is ready to sell off 49 percent of the unprofitable state airline

The carrier "will bave to look to nther airlines to see if they can

link up," be said Thursday night. The comment provoked a storm of protest from labor unions, which fear further jnb losses and called

Aer Lingus, hard hit by the international recession, has trimmed

its European routes but still had a loss of almost 12 million punts (\$21 million) last year and has total debt of 580 million punts.

Mr. Reynolds, speaking at a news conference, firmly ruled out selling a majority stake in the airline. The national interest indicates

He said he was not nominating British Airways as a partner but

suggested that an acceptable airline might be found in continental

Aer Lingus said that its chief executive, Cathal Mullan, bad had

discussions with many European airlines about strategic alliances of

one kind or another but that these discussions had come to nothing.

said, "Aer Lingus would first have to get its financial house in

Maire Geoghegan-Quinn urged the airline to cut jobs "from the top down" if it had to go ahead with trims in its staff of 13,600.

One union leader, Bill Anley, said, "What greater folly could there

"In order to be attractive to an overseas buyer," one airline source

After meeting the airline's board on Thursday, Transport Minister

that as an island nation we control our destiny," he said.



administered the integration of Eastern Germany into the German monetary system. Since monetary union in July 1990, which paved the way to political unification, the office has helped bring the East German banking system up to

In another development, Mr. Kormseier said Mobil

bank said Friday that it was closing the Berlin office from which it has

million DM (\$460 million to \$500 million) in Eastern Corp., Wintershall AG and Agip AG had expressed interest in Deutsche Shell's I billion DM plan to build Germany over the next five years. Thies Kormseier, an executive board member, said the company had invested 230 million DM in Eastern an oil pipeline from Hamburg to the eastern state of Saxony via the city of Hannover. They would replace two previous partners that have Germany since unification two years ago, helping to create a network of 50 gasoline stations. This created or preserved 1,700 jobs, he said. pulled out, he said.

#### **COMPANY RESULTS**

A FP-Extel News



Western standards.

	Net Inc(0)223.0 584.00	New York Times	Ryder Systems			
Donnelloy (R.R.)	Per Shore 4.57		3rd Quor. 1992 1991	Tenneco	Whirtpool	PA
During (1997)         1992         1992           Revenue         1.039, 990.57         1991.57           Net inc.         7.23.6         62.93           Per Shore         0.47         0.41           9 Manitis         1972         1991           Revenue         2.964         2.777.           Net inc.         161.57         130.41           Per Shore         1.04         D8	a: Less. Manville 3rd Qear. 1972 1974 Revenue 597.44 502.72 9 Months 1972 1971 Revenue 1942 1971 Revenue 1942 150 198 Sharp 1945 0.45 Net Inc 21.15 64.37 Out	Ard Quar.         1992         1991           Revenue         459.46         393.34           Net inc.         10.33.07         1.94           Per Shore         0.03         1.97           Image: Shore         1.314         1.97           Per Shore         1.313         1.97           Revenue         1.314         1.251,           Net inc.         (a) 4.70         12.46           Per Shore         0.16         1.04	Revenue	Strid Gener;         1972         1971           Revenue3186         3.118,         3.118,           Net linc400(2)4730         4.00(2)4730            Per Store	3rd Gear.         1972         1992           Revenue         1,440         1,416           Net Inc.         55,00         1,416           Per Shore         6,78         1,472           9 Martins         1112         11971           9 Martins         5,304         4,374           Net Inc.         5,304         4,374           Per Share         1,030         1,800	swim Da surpl Th nine
Eatop	Per share results after pre-	Occidental Petroleum	Sara Lee	Textron	Yellow Freight System	billio
3rd Quar.         1972         1971           Revenue         945.00         862.00           Net inc.         20.00         21.00           Per Share         0.24         0.44           9 mouths         1972         1971           Revenue         2005         2.515           Net inc.         100.00         34.00           Per Share         3.00         1.02	Midlamtic 2rd Guar: 1972 1971 Net Inc. 1705(a)23.97 Per Shorz 0.38 9 Months 1972 1971 Net Loss 418 462.05 of Lass.	3rd Quar.         1972         1971           Revenue         2358,         2358,         2358,           Net inc.         670,0         148,00         148,00           Per Share         6,21         8,77         1971           Revenue         6,23         8,77         1971           Revenue         6,378,         7,400,         Net inc.           Net inc.         113,06         376,00         124	Ist Guar. 1992 1992 Revenue — 1992 1992 Met Inc. 1992 242.00 Per Share — 42.00 242.00 Per Share — 42.00 10 1991 per share per includes poin of 48 cents. Per share re- sults after preferred divi- dends.	And Group:         1991         1992           Revenue:         2001,         1306           Par Shorz:         0.38         0.36           Par Shorz:         0.98         0.46           Net Inc.         0.98         0.46           Par Shorz:         0.98         0.46           Per Shorz:         24,00         1991           Per Shorz:         24,00         24,00	Ind Guer.         1992         1991           Revenue         571.29         480.09           Not Inc.         11.54         6.40           Per Shore         6.41         0.30           9 Monthla         1972         1971           Revenue         1.704         1.704           Revenue         1.704         1.704           Revenue         1.704         1.704           Revenue         1.704         1.704           Per Shore         1.20         2.50	Th said I Th sales pictu

ARIS -- The government reported Friday that the trade balance

ung back to a surplus in September after a deficit in August. Data showed a scasonally adjusted 3.71 billion franc (3723 million) rplus last month, after a 3.04 billion franc deficit in August. The September figure took the seasonally adjusted surplus for the first

the months of the year to 23.14 billion francs, compared to a 32.09 lion franc shortfall in the same period last year. "It's a very good performance explained by a strong rebound in exports," d Philippe Brossard, economist at Crédit Lyonnais.

The September surplus was higher than expected partly because of strong es for Airbus airliners, which are a big, curatic factor in France's trade mme. . . . .

RE INFORMATION FROM INTERNATIONAL INVESTOR XXVI Herald Eribune

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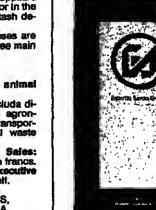
packaging. in order to optimize its strong reputation among its clients, shareholders and partnars, who indeed, even after the 1989 merger, still refer to the original Carnaud and Metalbox namas, tha company will change name. This changa, proposed by B. Jorgen Hintz, President of the Directoire, was approved by the shareholders at the Annual Genaral Meeting on 20 May 1992. CMB Packaging is now named CameudMetabox.



wida farming community's leading industrial suppliars and is a major operator in the global market for potash de-rivatives. The Group's businesses are organized around three main potesh, e chamica · animal feed and animal products. Other businesses includa di-varsified services in agron-omy, engineering, transpor-tation and industrial waste disposal. Consolidated 1991 Sales: 15.8 billions of trench trancs.

Cheliman of the Executive Board: Rodolphe Greit. Main subekliaries: MDPA, SCPA, TESSENDERLO CHEMIE, SANDERS, EMC-SERVICES, NORTHERN SHIPPING, SOGEMA

and their subsidiaries. EMC - 62, rue Jeanne d'Arc - 75641 Paris Cedex 13 - France Tel.: (1) 45.84.12,80 - Fax: (1) 45.86.73.92.



Comercial de Lisboa, a leading Portuguese commer-cial bank, and in Com-Danhia de Seguros Trangullidade, a major Portuguese insurance company. ESFH is quoted in the

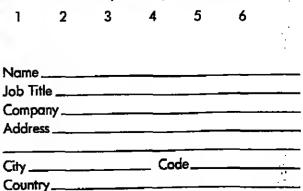
London and in the Luxembourg stock ex-changes. The consoll-datad aarnings of ESFH reached in 1991 a consolidated nat profit of US\$35.8 mil-

ion. ESFH is indirectly ma-jority owned by mem-bers of the Espirito Santo family, which has been engaged in the banking and insurance business for ovar a century.

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## ING GROUP

The results of Internationale Nederlanden Group for the first half year of 1992 showed e satisfactory Increase. Compered with the first half year of 1991 net profit rose by

Autorian Autorian

7.2% from NLG 707 million to NLG 758 million. Profit per share went up by 5.7% to NLG 3.16. Totel assets increased by 5.0% to NLG 312.7 billion. A reasonable growth in business volume and a net profit which will at least equal the 1991 results is expected for the ING GROUP whole of 1992.



Thomson-CSF, a european company with substantial international operations, is one of the world leaders in the design, production and distribution of ad-

vanced electronic systems for defense

and other civilian applications, such as air traffic control, commercial aircraft simulators, components and information systems. In 1991, Thomson-CSF's consolidated revenues totalled 35.2 billion FF. of which more than 60% were generated outside France.



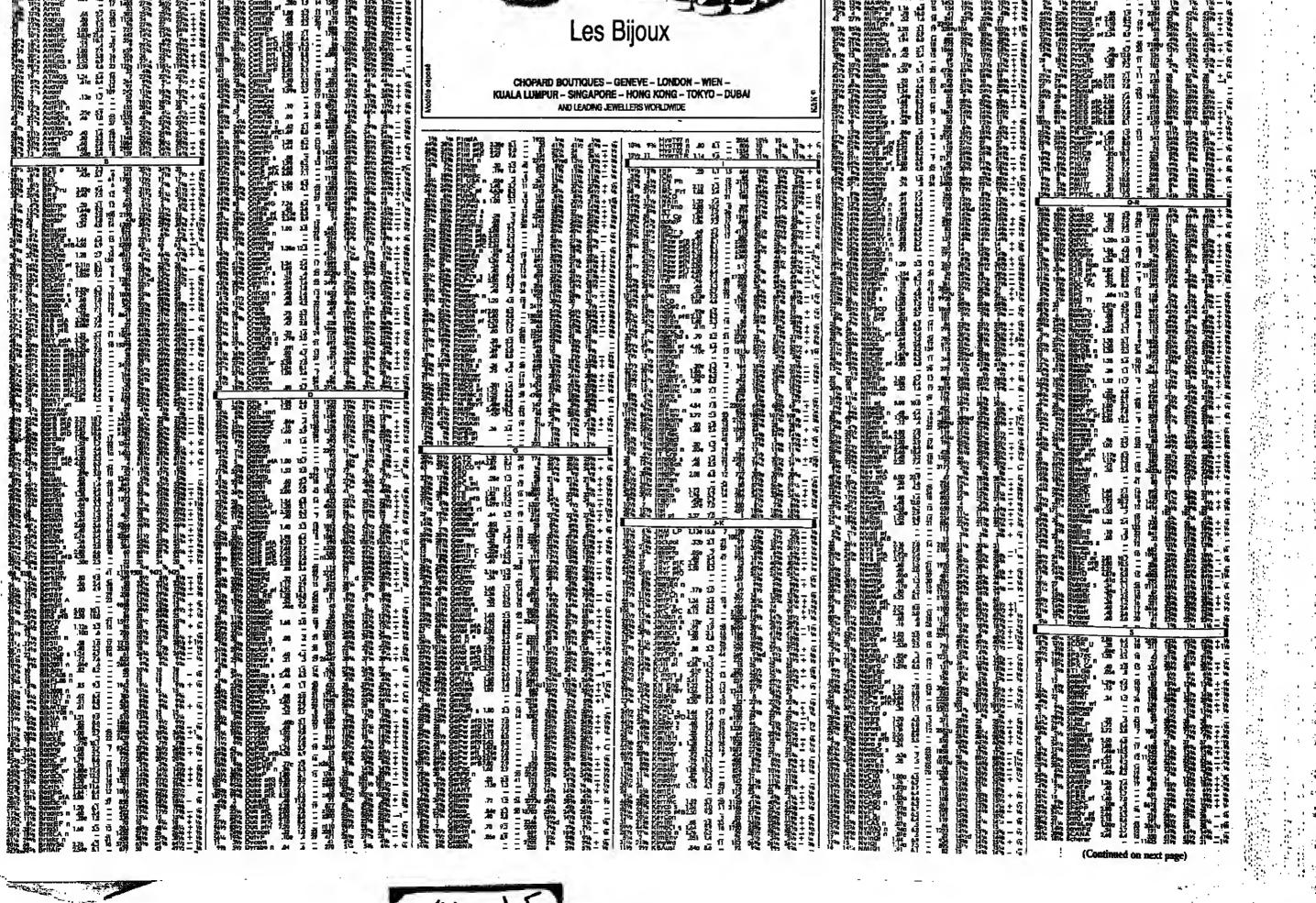
Zurich Insurance Group operates in 40 countries through branch offices, subsidiaries and affiliated companies. To complete its international service network, Zurich has made arrangements with cooperative partners in more than 40 additional countries. Thus the group is able to offer worldwide coordinated insurance protection and local, on-the-spot claims service-no matter where losses occur. In 1991 the consolidated companies of the Zurich Insurance Group achieved a gross premium income of Sfr. 19.6 billion.



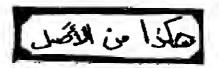
Page 14	INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992	
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late tendes alsowhere. Vie The Associated Press		Brokers' Ea
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#### ASIA / PACIFIC

Page 15

## **Brokers' Earnings Evaporate** Squeeze on Japan's Big 4 Tightened in Period

Agence France-Presse

TOKYO - Nomura Securities Co. and two other top Japanese brokerages on Friday an-nounced plunges in first-half earnings of more than 90 percent, blaming the prolonged stock market slump that has eroded commission revenue. Nomura's pretax profit for the six months ended Sept. 30 tumbled 97.5 percent compared with the year-earlier period, to a near-breakeven 983 million yen (\$8 million). Daiwa Securities Co.'s profit was slashed 90.9 percent to 1.87 billion yea and Nikko Securities Co. said its earnings tumbled 92.1 percent to 948 million yen.

Yamaichi Securities Co., the smallest of the Big Four, suffered a bigger-than-expected loss while several smaller second-tier companies also remained in the red.

Japan's once-mighty brokers blamed a dearth of new share issues as well as the slide in commissions triggered by a further contraction in stock market

The Nikkei Stock Average fluctuated wildly during the period, losing 23 percent of its value at one stage. After beginning April at almost 18,582, it dived to a low of 14,309 before recovering to 17,399 at the end of September. The 225-share average rose 104.61 points to close at 17,117.65 on Friday.

During the six-month period, average daily vol-ume on the Tokyo Stock Exchange shrank almost 10 percent from a year earlier to less than 300 million shares. By value, it plunged a hefty 35 percent to 253 billion yen. Although a series of interest rate cuts and a

corresponding surge in Japanese government bond prices provided a faint glimmer of hope, the strong

performance of the bond market had a limited impact on company results.

"The increase in straight bond issuances by Japanese companies in both domestic and overseas markets could not make up for the reduction in equity-related financing." Nomura said.

Nomura, along with Daiwa and Nikko, posted pretax profits broadly in line with their own forecasts.

But while Nomura left its projection for the full year ending March 31 unchanged, both Daïwa and Nikko made upward revisions to their forecasts. Yamaichi said it expected to return to the black, reversing its prediction for a small loss.

Among the major companies, Nomura's operating revenue slumped 27.4 percent to 179 billion yen. Its forecast for earnings of 20 billion yen on revenue of 365 billion yen was unchanged.

Daiwa's operating revenue fell 31.2 percent to 33 billion yen. The company raised its earnings forecast from 10 billion yen to 12 billioo yen for the year to March but did not revise its revenue projection for 265 billion yen.

Nikko said its operating revenue slid 28.2 percent to 119 billion yen. The company boosted its profit forecast for the year from 10 billion yen to 15 billion yen, but left its expected revenue figure at 255 billion yen.

Yamaichi's losses swelled 257 percent to 19.3 billion yea, well above the 18 billion yea expected, as revenue plunged 29.6 percent to 97.6 billioo yen But it revised its forecast 5 billion yen loss to a 1 billion yen profit and raised its revenue projection from 210 billion yen to 230 billion yen.

Community.

#### Spending Declining at **ASEAN Trade Bloc Hastens Tariff Cuts** Japan Inc.

TOKYO - Japan's Economic Planning Agency said Friday that corporate capital spending for the business year through March 1993 was expected to decline for the first time since 1981.

The companies surveyed by the agency said their capital expendi-ture for the current fiscal year ending March 31 would decline 3.2 percent. The survey was conducted in mid-September among 4,367 companies capitalized at over 100 million yen (\$820,000).

Nonmanufacturing companies expect a 1.6 percent increase in capital investment in fiscal 1992, while manufacturers estimate their spending will fall 10.3 percent, the report said.

Another measure reported in the survey showed an increase from June in the number of companies considering their production facilities to be excessive for the state of the market. That measure is derived by subtracting the oumber of those that felt they did not have

enough factory capacity. A similar measure, showing the oumber of corporations considering their inventory excessive, also rose, compared with those believing their inventory to be insuffi-

Agence France-Press MANILA - ASEAN economic ministers gave the go-ahead Friday to an accelerated tariff reduction plan that would form the basis of a free-trade area to be established in

the region within 15 years. Expressing concern over deadlock in global trade talks, the Association of South East Asian Nations agreed to speed up tariff cuts on 15 priority products under the ASEAN Free Trade Area program starting January.

We have now got all the basics in place," Malaysia's trade minis-ter, Rafidah Aziz, said at a news cooference after the weeklong ASEAN trade talks.

ASEAN's members are Brunei. Indonesia, Malaysia, the Philippines, Singapore and Thailand. They agreed at a summit meeting in January to create the free-trade area by reducing tariffs on goods traded within the region to no more than 5 percent by 2008. After this week's talks in Manila,

they decided to cut tariffs on the 15 sectors to the desired level within 10 years, although each country will be allowed to tempo-

rarily exempt a limited number of items under each sector. The 15 priority products for accelerated tariff cuts are vegetable

oils, cement, chemicals, pharma-

Taipei's New Finance Chief

centicals, fertilizers, plastics, rubber products, leather products, pulp, textiles, ceramics and glass products, gems and jewelry, copper cathodes, electronics, and wooden and rattan furniture. Mrs. Aziz said the failure of

General Agreement on Tariffs and Trade negotiations showed that larger countries "can hold to ransom" smaller nations, which she said must band together to promote regional trade.

In a joint statement ending their meeting, the ASEAN ministers ex-pressed "grave disappointment" over the GATT breakdown.

The ASEAN talks were earlier snagged by the new Thai govern-ment's reluctance to fully join the accelerated tariff cuts.

But Thailand's deputy prime minister, Supachai Panitchpakdi on Friday pledged his country's full support to the tariff-slashing plan. On Saturday, the ASEAN eco-

nomic ministers will meet with Japan's minister of international trade, Kozo Watanabe.

Officials said the effects on glob-al trade of the North American Free Trade Area grouping the United States, Canada and Mexico would be one of the issues to be taken up by Mr. Watanabe with his ASEAN counterparts.

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#### Very briefly:

**Investor's Asia** 

 Hong Kong unveiled proposals for a compulsory retirement system, but ruled out a government-managed or centrally administered fund; the plan ' calls for a system with equal contributions from employers and workers-• Taiwan plans to set up its first liaison office in Ulan Bator, Mongolia, next spring to expand trade and cultural exchanges.

• Banque Nationale de Paris will open a full branch in Tianjin, in northeastern China, to cover nearby Beijing and the northern provinces. • Allan International Holdings, the Hong Kong home appliance maker, " will make a 72.1 million dollar (\$9.3 million) initial share offering, with subscriptions starting Tuesday,

 South Korea exported 299,300 antomobiles worth \$1.85 billion in the nine months to September; the 19 percent increase reflected strong game in Europe and in the Asia-Pacific region.

• Suntec City Development Pte, awarded three Singapore companies contracts worth 47.7 million dollars (\$29.6 million) for mechanical and electrical work on the huge Suntec City project; the companies are Ryoden (Singapore) Pte., General Electric Co. of Singapore, a unit of General Electric Co. of Britain, and TK Gondola (S) Pte.

Renters, AFP, Bloomber

## Taiwan Carrier, AA in Talks

TAIPEI - China Airlines is negotiating with American Airlines to expand their marketing cooperation, the Taiwan flag carrier said Friday.

The airlines already are working together in marketing and ticketng in the northeastern United States.

A China Airlines spokeswoman said the two carriers also may agree later to lend each other aircraft on international routes. The Economic Daily News quoted Peter Bien, China Airlines

president, as saying American Airlines wanted to expand its services in Asia, while China Airlines wanted to strengthen its presence in the United States. China Airlines now has passenger services to New York, Los Angeles, San Francisco, Honolulu and Anchorage.

#### GROWTH: For Now, Southeast Asia Steers Clear of Economic Slowdown (Continued from first finance page) between Asia and the European

supporting economic advance, but for now it is the developing countries that are trading with each other that is the major story," he said.

Chua Jui Meng, Malaysia's deputy minister of international trade and industry, said that sustained growth in many East Asian nations for more than a decade had pushed up wages, savings and purchasing DOWCT.

He said that strong domestic demand combined with growing intraregional trade and investment were helping to counteract the impact of economic slowdown in the industrialized world on Southeast

Mr. Chna added that rapid growth in China, Taiwan and Hong, Kong also had had positive spillover effects in Southeast Asia.

gion in the Singapore office of Mer-Much of the foreign investment rill Lynch & Co., said that it could in the region since the mid-1980s be premature to couclude from has come from other Asian counthese figures that Asia had tries, particularly Japan, Taiwan, Hong Kong and South Korea as "reached a point where it can susmanufacturing companies there sought to use Southeast Asia as an trade and investment." outlet for sales, a source for cheaper components and a springboard

for competitive exporting. Intra-Asian trade climbed 18 Asia's total exports in 1991. By percent in 1991 to \$362 billion, contrast, trade within the Europeovertaking Asia's trade with North an Community accounts for 62 per-America for the first time and far cent of EC countries' overall exexceeding the \$232 billion in trade ports.

Mr. Chowdhury said that after the slowdown in world trade in But Sanjoy Chowdhury, chief economist for the Asia-Pacific re-1992, it was very likely that intra-Asian trade growth also would de-celerate significantly. A drop in intra-Asian investment flows over the past 12 months could also contribute to a slowdown in regional trade,

tain its rapid rates of economic growth based oo its own engines of Although up from a figure of 34 percent in 1987, intra-Asian trade counted for only 42 percent of

able diversification over the past decade, Southeast Asia remains heavily reliant on sales to the United States, where protectionist sentiment is on the rise in the face of anemic growth and high unemployment

## TAIPEI - The newly appointed finance minister on Friday reaffirmed the government's policy of opening Taiwan's stock mar-ket to international investors and promoting the country as a

government organization most closely associated with moves to internationalize Taiwan's financial markets in recent years, would have to keep in step with the central bank, the institution seen as

Mr. Wang, an outspoken reformer, has been seen by the foreign financial community as the strongest proponent of market liberalization in the government. His departure had raised fears that government actions to internationalize the financial market would slow. But Mr. Pai said the policy of opening the stock market to foreign institutional investors would not change. "Letting foreign institu-tions invest in the domestic stock market has already been set as a

#### Taiwan-China Trade Surges One-Third

- S., N.

Taiwan reported Friday that trade between China and Taiwan through Hong Kong surged 33 percent from a year earlier to \$4.66billion in the first eight months of 1992, Reuters reported from Taipei.



Leaves Market Door Open Bloomberg Business News

regional financial center. But P. Y. Pai also said the Finance Ministry, which has been the

most reluctant to this development. Mr. Pai, a former Finance Ministry and banking industry official, became finance minister on Friday. His appointment follows the resignation of Wang Chien-Shien amid debate on land tax reform.

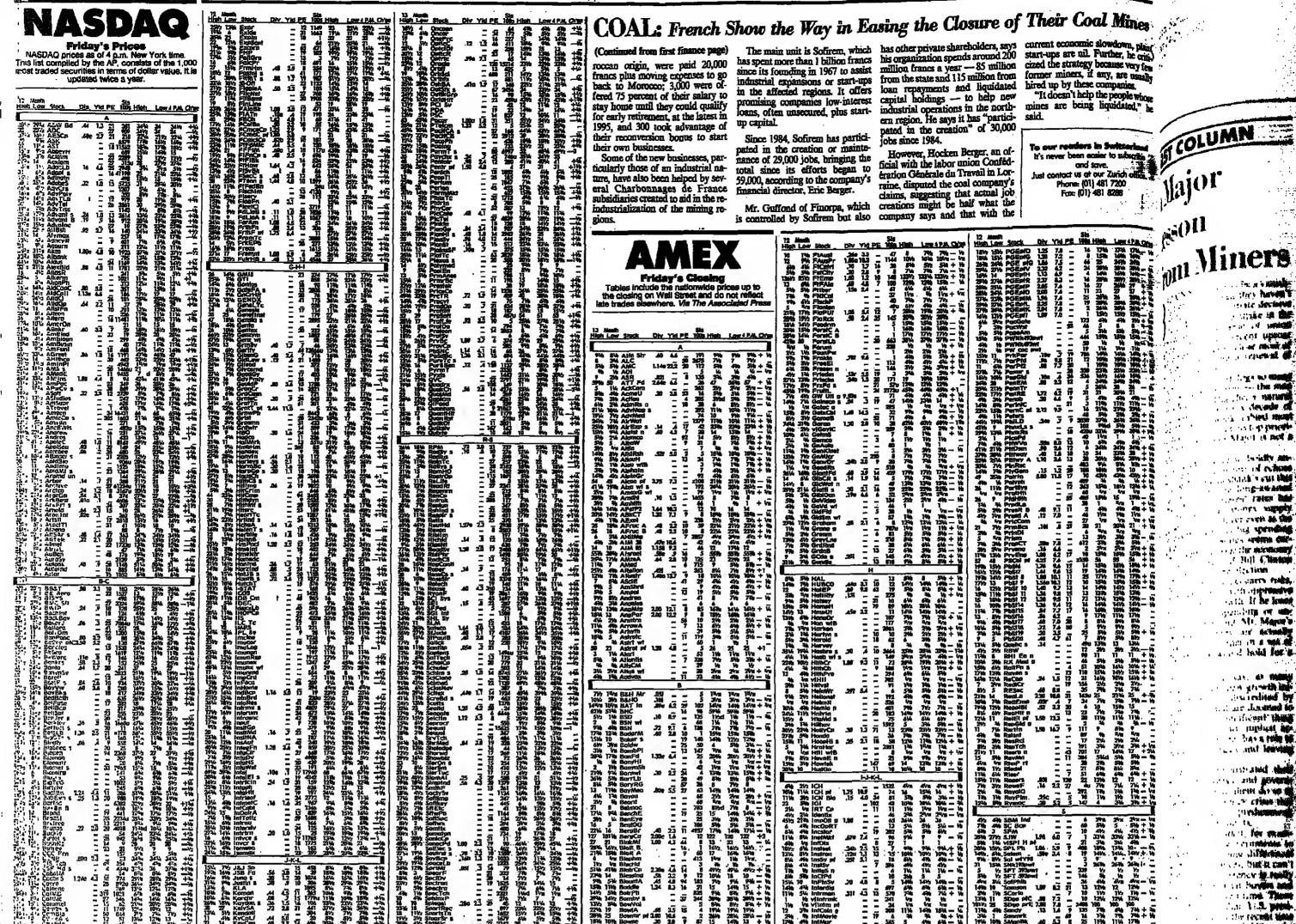
phase in the internationalization of the stock market," he said,

#### he said. Japan is a leading source of foreign investment but oot a key market for Southeast Asian exports. While there has been consider-

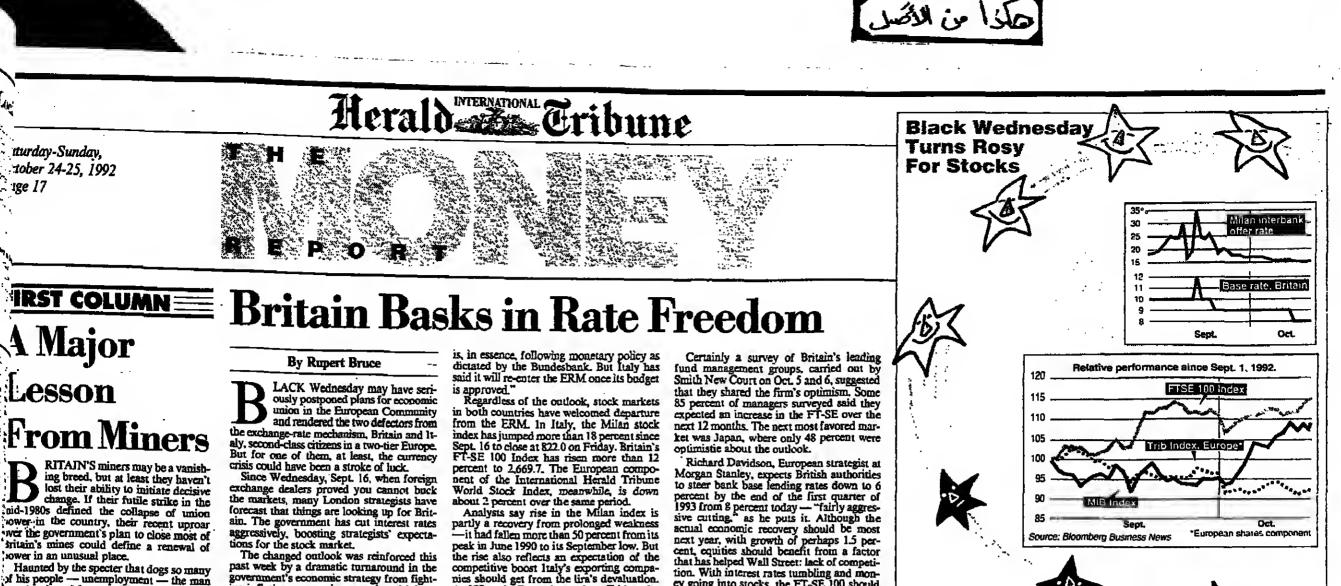
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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992



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Information of the spectral matteries so many of his people — unemployment — the man innointed as Margaret Thatcher's natural accessor dumped more than a decade of Thatcherite rhetoric this week, tabled most of the planned closures and set his top priori-ty as growth and jobs. John Major is not a ady, and he is for turning.

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Rarely is a cyclical change so boldly announced, but the move has plenty of echoes around the globe. The Bundesbank's cut this week made it clear that the long-awaited sasing trend in German interest rates has begun. In Japan, abysmal money supply figures have set off rate-cut fever even as the government proceeds with its big spending package. And the United States seems certain to intensify its efforts to jar the economy out of its long slump even if Bill Clinton

somehow manages to lose the election. Of course, all of these efforts carry risks, and few are the governments with impressive credentials for managing growth. If he loses control over government spending or un-leashes a free-fall in the pound, Mr. Major's new policies (assuming they are actually spelled out soon) could founder in a sea of inflation. The same risk would bold for a President Clinton.

UT that is not to say, as many critics do, that any new growth ini-tiatives have been discredited by  $\square$ past experience and are doomed to failure. Indeed, the most significant thing about Mr. Major's turn is his implicit acknowledgment that government has a role to play beyond stabilizing prices and leaving the rest np to the market.

Market forces have demonstrated their power amply in recent weeks, and governments that attempt to ignore them do so at their peril. Witness the currency crisis that put Mr. Major in his current predicament. But even the market has its limits.

The foreign exchange market, for example could force European governments to. finally acknowledge the gaping differences in their economic performances, but it can't tell anyone what a single currency is really worth. The rate is merely what buyers and sellers can agree on at a given time. Those

ing inflation to pursuing growth and jobs.

Interest rates also have fallen significantly in the other ERM renegade, Italy, remacing much of the huge spike that occurred in the run-up to the currency crisis. But unlike Britain, the Amato government has clearly stated its intention of returning to the ERM as soon as possible. As a result, further cuts in rates are expected to be more limited, as are the prospects for the Milan stock market.

Indeed, even Friday's one-point cut in the discount rate, to 14 percent, left it three-quarters of a point higher than its pre-cur-rency crisis level. By contrast, Britain has dropped bank base lending rates by 2 points below the pre-crisis level, to 8 percent.

"We appear to be following more or less different routes," said Bruce Russell, chairman of Fidelity Investments' global policy unit. "The U.K. seems to have given up more or less indefinitely membership of the ERM. And it has given up playing the game, which At 877 to the Deutsche mark on Friday, the lira was 6.5 percent below its old floor in the ERM.

The rise in London's FT-SE 100 index, on the other hand, is attributed both to the pound's fall in value and the fall in interest rates. Analysis expect the combination to provide some much needed support for Britain's beleaguered companies.

The brokerage Smith New Court offers one of the most optimistic forecasts. It ex-pects the FT-SE 100 to touch 2,800 by the end of this year and 3,400 by the end of 1993. That should be backed up by earnings-per-share growth of 2 percent and 10 percent for this year and next, respectively.

David Bowers, Smith New Court's Euro-pean economist, said: "At the end of the day the U.K. economy needs lower interest rates, and on a 12-month view we feel that interest rates are going to come down and that provides an opportunity for the market."

tion. With interest rates tumbling and mon-ey going into stocks, the FT-SE 100 should hit 2,800 hy year-end and be over 3,000 by the end of next year, be predicts.

A few analysts, however, feel that British equities have risen far enough. John Reyn-olds, County NatWest's equities market strategist, said: "What we now have in the U.K. market is a fairly demanding multiple" of about 16 times historic earnings.

"So, while we are going to be talking about some form of economic recovery over the next 12 months, we are still only talking about a modest upturn in earnings," he said. "To get really excited about the U.K. equity market we would have to be factoring in market we would have to be factoring in really quite chunky earnings recovery of about 20 percent plus, and we do not believe that is in the offing."

And even the bulls caution about one factor that could short-circuit a rally; the pound. Although the government appears determined to lower interest rates to boost

growth, it can't risk letting the pound go into a new dive, analysis say. Most analysis believe a cut in base rates to

percent is virtually assured. But Mr. Daridson says the government would be unlikely to cut rates further if the pound drops below 2.30 DM. At around 2.47 DM currently, the pound is 16 percent below its old ERM parity.

Source: Bloomberg Business News

Although optimism about the British mar-ket is not unanimous, analysis are less confident about Italy, for reasons that go beyond an inability to reduce rates much further.

"For Italy," said Andrew Bell, European equity strategist at Barclays de Zoete Wedd, "the devaluation impact will certainly be there for the exporting sector, but is actually a fairly small part of the stock market which people invest in. You have got part of Fiat and Benetton and a few other companies, but then you have got this huge welter of banks, which are essentially domestic plays, insurance companies and all these utilities.

Richard Ycend 1011

"They are not only vulnerable to what is likely to be a very depressive trend in the domestic economy, but also a lot of them are publicly owned utilities," he said. "If the government is having to give quid pro quo to the labor market for discipline on wages, it is going to be things like freezing telecom prices, which is not going to be good for corporate profits."

## Currency Crisis or Not, the ADR Boom Keeps Going on Wall Street

#### **By Judith Rehak**

NE of the more eagerly awaited events on Wall Street is the impending launch of dollar-denominated shares in Telebras, the Brazilian phone company. Expectations are high that like its counterparts. Telmex of mexico and Telefonos de Chile, Telebrás will yield rich rewards for investors.

But the shares in these companies have more in common than telephones. They are all ADRs, or American Depositary Receipts,

whicles that are surrogates for actual shares of foreign companies held in banks. ADRs baye caught on in a big way with U.S. investors who want to own foreign equities without the hassles of figuring out exchange rates, and the steep charges of buying on overseas exchanges. Not only are ADRs bought and sold in dollars, their divithan U.S. pro dends are paid in dollars. Dollar volume of depositary receipts listed on U.S. exchanges hit a record \$65.6 billion at mid-year, a leap of 53 percent from the same period in 1991, according to a report just out from the Bank of New York. The study predicts that roughly \$160 billion worth of listed and unlisted ADRs will be traded in 1992, compared to \$140 billion last year. Of 890 depositary receipts, 195 are listed on the New York and American stock exchanges and NASDAQ, meaning investors can check their prices in the daily news-T.B. papers. The remainder are unlisted, but their

quotes are available through brokers via the National Quotations Bureau, or "pink shoets," as they are familiarly called.

With the surge of interest in non-U.S. equities, SEAQ International, the Londonbased quotation system, has emerged as another ADR marketplace; roughly 500 mil-lion shares worth \$15 billion were traded there in the first half of this year.

The biggest drawback of ADRs, particularly for investors who prefer Europe, was underscored during the recent currency chaos. Although denominated in dollars, ADR. prices still tumble if the underlying currency declines, wiping out potential profits. For example, British shares rose 7.2 percent be-tween the end of August and first week of October, but when the pound was in effect devalued, it translated into an 8 percent loss in dollars. The Italian and Spanish markets plunged 24.9 percent and 21 percent, respecterms over

## Vehicle in Vogue Annual share volume of depositary receipts listed on NYSE, AMEX and NASDAQ. rading in billions of shares. . . . .

lawnmowers. Seventy percent of Tomkins's business is in the United States. Not everyone thinks currency should be

the prime consideration, bowever, "We we cus on top-down fundamentals first, then take a bottom-up look for companies," says Scott Kalb of Smith Barney, "Right now we're expecting significant declines in interest rates in some countries." Among them is Mexico, where Mr. Kalb thinks that rates, now at 19 percent, could fall to 16 percent by the second quarter of 1993, boosting interest-rate sensitive stocks like construction, retailing and telecommunications companies. He favors Teléfonos de México and Cemex, the country's biggest and world's fourth-largest cement company. ....

N the wilder side of ADR investing are the emerging markets of Latin America. Mr. Kalb is enthusiastic but cautious about the Telebras offern which has deen dos

the colony's biggest. "It sells excess power to China and China can't get enough of it." be

hat should ADR investors avoid right now? Germany, say many global investing pros. Eveo though they expect the Bundes-bank to lower interest rates, most consider Germany an uncertain bet because of high wages and the staggering costs of reunification, Also shunned -even by die-bard bunters - are the Italian and Spanish markets, even though share prices have plummeted so much in dollar terms.

One country receiving enthusiastic attention, however, is Switzerland. The reason? There were no ADRs for any major Swiss companies just a year ago," notes Mr. Pid-borodeckyj of Dean Witter. But investors are now snapping up unlisted ADRs for three blue-chip pharmaceuticals. Sandoz, Roche and Ciba-Geigy. Depositary receipts for Sandoz have leaped to \$45 from \$14.

dential polls, as evidenced by the recent time when the lira shot from around 900 to the mark to 1,000, and then back, in a day.

ludeed, that kind of market volatility, as well as the ever-growing threat of layoffs to meet the demands of the market, is a major reason behind the lack of consumer and busiacss confidence that plagues the world today. Governments can influence markets, not just be steered by them. Too bad it's taken the worst slump in half a century to relearn the lesson.

So where does this leave U.S. investors

who are now routinely told to stash 10 to 15 percent of their money in foreign stocks? "We think the recovery in Europe won't be as robust as anticipated, so we're looking for good value," says Alex Pidhorodeckyj of Dean Witter's ADR group. One such com-pany is France's Aleatel Alstholm, a maker of power generation equipment, whose ADR has slipped from \$27 to \$23.50. We see it as

a good infrastructure play," Mr. Pidhorodeckyj says. Another way dollar-based investors in Eu-

Year and projection

rope can ward off currency disasters, he iggests, is to buy companies that will profit from a stronger dollar because they carn a lot of their income from U.S. operations. Examples include Grand Metropolitan PLC, the British food and beverage giant that owns Burger King and Pillsbury, and Tom-kins PLC, the British conglomerate that owns handgun maker Smith & Wesson and Murray Ohio, a manufacturer of bikes and

twice as Brazil's stock market gyrated with the political scandals that led to the imeachment of President Fernando Collor de Mello. Telebràs shares on the Bovespa, São Paulo's stock exchange, lost half their value, plunging to \$17. "It's very attractive for the right investor, but it's not for widows and phans," he warns.

Also on his short list is Hong Kong, whose currency is pegged to the U.S. dollar. Mr. Kalb likes companies that will benefit from China's economic expansion. His rationale is simple for a utility like China Light & Power,

Meanwhile, ADRs continue to attract both institutional and individual investors - including growing numbers of non-U.S. investors - who often find them more liquid and cheaper than on their home exchanges. But the big news is the rush of individuals.

"Our business in foreign equities, about ball of which is retail, has grown 50 percent every year for the past four years," says Mr. Kalb of Smith Barney, And Mr. Pidhorodeckyj's group, which caters exclusively to individuals, met its year-end goals in the first week of October.

#### **European Banks Join Hands On Cross-Border Mortgages**

BRIEFCASE

A consortium of eight European lenders have set plans to provide cross-border mortgage services to their clients. The European Group of Financial Institutions will allow customers of each of the lenders to arrange loans, as well as give advice and help with the legal niceties, for acquiring properties outside their home state, according to a report by the international law firm Clifford Chance.

The idea behind the arrangement is to provide property owners with the means to take out a loan against a piece of real estate they own at bome to finance a purchase abroad. The lenders benefit by having business referred from other consortium members, the report said, and those referrals should mean a reduction in costs and processing time, and the other hassles involved in working with a bank where the client has no prior relationship.

"Such schemes are not expected to produce any significant tax benefits," Clifford Chance says, "but they will enable those customers who for social or business reasons wish to buy abroad to do so more easily."

The European Group of Financial Institu-tions includes HBK and Codep, a pair of Belgian savings banks: the Bradford & Bingley Building Society of Britain; France's Credit Cooperatif; Nassauische Sparkasse of Germany; the Italian lender Cassa di Risparmio di Venezia; Montepio Geral of Por-tugal and Caja Salamanca y Soria of Spain.

#### Don't Blame IBM Alone, Many Stocks Are Off Peaks

By now, everyone knows the story of just what a great buying opportunity the 1987 stock market crash was. The Dow Jones industrial average took just two years to exceed its pre-crash highs. And even with the gyrations that have left the index virtually unchanged this year, it is still up some 17 percent from its pre-crash peak, and a whopping 83 percent from its post-crash low. Broader indices like the Standard & Poor's 500 show even bigger gains. How could you lose in U.S. stocks over the past five years? Surprisingly, it was easier than you might think. A recent computer scan by Merrill Lynch & Co. of 3,040 major U.S. stocks showed that nearly 58 percent of the issues were trading below their 1987 peak prices, adjusted for any stock splits.

Perhaps even more troubling, the scan showed that 38 percent of stocks had not returned to their 1987 peak prices at any point in the last five years.

The clear message in these statistics is the need to diversify. A broad enough basket of stocks would have come out ahead even if you had bought at the peak in 1987. But someone holding a smaller basket, or just an unskillful or unlucky stock picker, might wonder whether the great stock recovery (LAT) ever bappened.

#### Stocks Take Another Hit, **Bonds Did Better Since '87**

Slow-and-steady beats fast-and-flashy as the tortoise and the hare proved long ago. The nation's mutual funds proved it again during the five years since the stock market crashed in October 1987. While stock funds were soaring one day and plummeting the next, bond funds were

plugging along, clipping their coupons and banking their interest payments. And when interest rates began their long decline, the market gave a big boost to the value of all those older bonds with the high interest rates that were sitting in bond funds.

The combination was unbeatable and bond funds were first to cross the finish line.

The tortoise won," said Michael Lipper head of Lipper Analytical Services Inc which tracks the performance of 2,433 funds. But we think, in the next race, you bet on the hare."

During the five years since Sept. 30, 1987, a group of 956 general stock funds showed a total return of 45.2 percent, while 742 fixedincome funds were up 64.5 percent, Lipper Analytical said

Experience shows that today winning funds are frequently tomorrow's losers, Mr. Lipper notes. Also, studies conducted over longer time periods have shown that stocks have outperformed bonds. Mr. Lipper says he believes that trend is still intact and he does not think that bonds will beat stocks in the next five-year cycle. The key reason is that he believes interest rates eventually will begin moving up again, depressing bond (WP)



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## **Private Banking - A Special Report**

# **Commercial Bankers** See a Silver Lining

## **Preserving Wealth in a Recession**

#### By Philip Crawford

F ever there was a time for private banking, the 1980s would have seemed to be it. The money decade produced an explosion of wealth, and a boom in demand for better financial handling from the newly rich.

In Britain and the United States, some of the big commercial banks that dominate the retail market tried to get in on the act. By setting up private banking divisions that stood well apart from their mass-market products, the banks sold the cachet of a more exclusive service combined with customized assot management to the decade's ultimate consumer: the high net worth individual.

But can a strategy born of boom times survive in the lean and mean '90s? The an-swer from commercial bankers is a resound-ing yes. For one thing, despite the deepening global recession, there remains plenty of conspicuous wealth that needs to be looked after. But perhaps more importantly, bankers cootend, the very economic and political instability that has gone part and parcel with the recession has cootributed to an everincreasing demand for comprehensive, onestop asset management services aimed at preserving wealth during volatile times.

"Private banking is a fast growing seg-ment of the industry and one which we felt needed more focusing on," said Matthew Kirkbride, a senior manager at Lloyds Pri-vate Banking, which was launched as a sepa-rate unit of Lloyds Bank PLC in 1989. "We may be only looking at perbaps 3 percent of the population as potential clients, but there is a lot of concentrated wealth there and a great oced for services."

"Like most relative oewcomers to the privaté banking sector, Lloyds offers a full gamnt of traditional products including estate planning, setting up trusts and founda-tions, and tax advising. But the core of its private banking business, as with most of the other commercial banks, is asset management, and indeed that of an upmarket nature. Lloyds Private Banking begins considering clients at an overall deposit base of about £100,000, or some \$160,000, and some services are offered only to customers with means of £500,000 or more. Mr. Kirkbride estimated that the division has between £6 billioo and £10 billion under management.

"What we do is primarily investment-driv-en," he said, "and we have a conservative approach, which is a reflection of the type of chent we chiefly serve. We've also tried to scement the private banking market itself. I mean, there are rich people, and then there are *really* rich people, and the two segments have different needs."

Barclays PLC, which like Lloyds has a retail banking tradition dating back to the

17th century, also has been placing more emphasis on private banking during the past few years, particularly for international cli-cats. In early 1993, Barclays plans to expand the availability of many private banking ser-vices to British residents as well. The bank's minimum investment level for private clients is about £500,000.

We concentrate oo investment management, utilizing a combination of stock and share securities as well as money market instruments," said Heather Maizels, a director of Barclays Private Banking. "We also do fiduciary deposits and some lending, but we're not lending-led. Above all, like most private banks, we try to have products which we can easily tailor to meet individual clients' needs.

Ms. Maizels said Barclays decision to beef up its private banking activities has been in

direct response to customer demand... "People are looking for security, for pro-tection of their assets," she said. "Instability tends to be very good for the private banking business, and our recent growth is to some extent related to that."

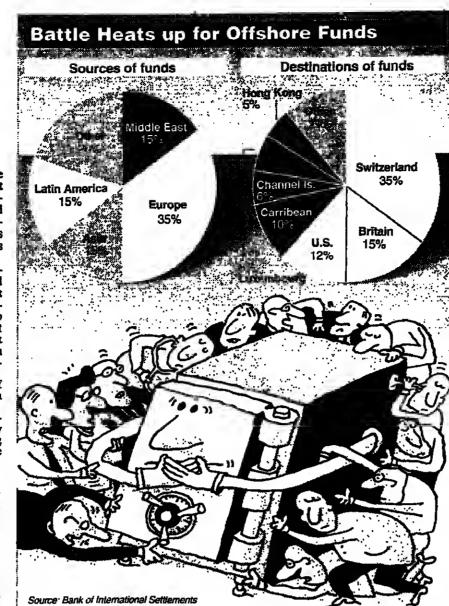
IDLAND Bank PLC, another U.K. clearing institution, has recently put oew emphasis on private banking through its wholly owned merchant banking subsidiary, Samuel Montagu & Co. Working primarily with individuals and the companies they control, Montagu deals extensively with large-scale loans, and clients typically have at least £750,000 to work with. The average client asset level is closer to £3 million or £4 million, says the company, which adds that its asset management strategy emphasizes mooey-market instruments rather than equi-

"Most of our clients have taken a good deal of risk in getting to where they are in the business world," said Marcus Gregson, Mootagu's chief executive, "and they don't want a lot of risk involved in managing what they've made, hence the emphasis on capital rather than equity markets." Mr. Gregson also stressed the inherent

differences between private banking and retail banking.

"At this level, the relationship with the client is of a much more personal oature, and that relationship is the essence of what private banking is all about," he said. "In a sense, business can grow only as fast as that relationship can grow. One also hears report-ing that private banking is an easy way to make money off the soft underbelly of wealth, but I'm not so sure that's the case. Most clients are themselves astute businessmen, and the level of service one has to provide to satisfy them is considerable. This is not a casual sport."

One of the world's largest retail banks,



New York-based Citibank, also has been courting the high net worth individual with increasing aggressiveness. Formed as a sepa-rate division in 1985, Citibank Private Bank has witnessed particularly strong growth over the past few years, the bank says, a phenomenoo it attributes to simply identify-ing a burgeoning market and going after it,

"We have increasingly seen private banking as a special segment of the marketplace for us, and one which also has special needs," said Natel Matschulat, the private bank's director of strategic marketing. "We work oo both sides of the client's balance sheet, both lending and investing, and our product line runs the full range from check-ing accounts to mergers and acquisitions. We start working with clients at an asset level of about \$1.5 million."

Widening the traditional spectrum of inhouse investment expertise, Citibank Private Bank even has art scholars on staff to advise clients on which pictures, sculptures, or oth-er objets d'art might be worth buying. "Art is, in fact, a major investment product," said

Ms. Matschulat, "and it's our experts' full time-job to keep track of what is available, where, and for how much. We advise clients on the art market as well as bid for them at

Chase Manhattan Corp., which prescient-ly created the Chase Manhattan Private Bank in the early '80s, also reports a recent increase in demand for private banking services, a phenomenon it also attributes to the twin factors of more wealth and volatile markets. Chase, which claims to have \$50 billion under private banking management, begins considering clients with a minimum of \$1 million in assets. "The creation of new wealth is not a thing of the past," said Ian Siddons, a Chase executive. "We're very bullish on that part of the market."

Fee structures for private banking products vary considerably with the product, say bankers, although a common arrangement is to charge an annual percentage of the portfolio's assets. Charges typically are around 1 percent for entry-level clients, with the per-centage declining for higher asset levels.

# Switzerland Faces **Threats to Dominance**

#### By Courad de Aeulle

OW private will Swiss private banking be if the hermetic people of the confederation vote to join The very public European Com-munity, as their leaders have applied to do? EC membership would have little impact on the private banking industry, Swiss bank-ers ingits Independent analysis ers ingits on the private banking industry, Swiss bank-ers insist. Independent analysis say that may be true, but only because Switzerland's dom-ination in the private banking sector has been weakening for some time, with other upstart centers vanishing areas when the been weakening for some time, with other upstart centers yanking away market share. "I wouldn't have thought it would have any effect at all," Keith Brown, a banking analyst for Morgan Stanley in London, said of EC membership, which Switzerland officially sought last year. Then he added the bad news: "When you look at private banking in general over the last decade, it has been moving away from Switzerland to other centers, like Luxembourg. More than half of private banking assets are outside Switzerland.

The official industry line is that the main selling points of Swiss private banking are under no threat. EC membership, should it occur, will have little practical effect on private banking, with no changes in taxation, regulation or the confidentiality for which Swiss banks are famous.

"Not a lot is going to change as long as we maintain bank secrecy," said Jean-Claude Pittet, senior vice president for private bank-ing asset management at Swiss Bank Corp. "In the EEA ocgotiations, bank secrecy has not been discussed. Bank secrecy is in the constitution in Switzerland. I don't think the citizens are prepared to remove secrecy."

The EEA is the European Economic Area, which will merge the Community with the seven Nordic and central European nations of the European Free Trade Area into the

world's largest free-trading zone. But other bankers say the effect of EC membership would not be so easy to gauge and may not be so good for banks.

"Nobody knows. The consequences depend oo so many variables," argued Lnc Denis, director of J. Henry Schroder Banque in Geneva, the Swiss arm of the British bank. "Number one, nobody knows what the Community will be like when the time comes to decide on membership. It's an extremely complicated situation. I'm a professional, but if I'm expected to know what effect it will have, I'd say, 'God knows.'"

Any impact of EC membership is expect-ed to locus on confidentiality and on the potential loss of Switzerland's economic and

political neutrality. Absolute confidentiality, in truth, has oot existed for years at Swiss banks, if ever. Sinister characters in trench coats and fedoras do not slip account numbers to a clerk who lets them into a vault to fondle gems and banknotes.

Banks are required to keep silent about their clients and their affairs or else risk fines

or imprisonment. But last year the opening of Form B accounts, which allowed transact tions through intermediaries such as lawyers, ag trustees and notaries, was outlawed. And at a of Oct. 1, partly to curb money laundering in anonymity is allowed when making cash it transactions only up to 25,000 francs (\$18,600), down from 100,000 francs. and file

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The increasing control of funds deposited d in Swiss banks "has been dramatic," said a Francois Larsen, a senior private banking executive at Credit Suisse in Geneva. "Many accounts have been closed.... Some may go a elsewhere, not because it's bad money, but a they want to remain anonymous."

One reason owners of good money want to g it. That's no crime under Swiss law, and swiss authorities do not feel compelled to a help other governments lay their mitts on r money held in Swiss accounts. That's nor true with drug money and other gain that it is all gotten under Swiss law.

Should Switzerland join the Community anthorities would have to submit to Community

When you look at privated ... banking over the last decade, it has been moving away from Switzerland to ding on centers like Luxembourg.' wende Keith Brown of Morgan Stanley.

nity-wide regulations, not just their own. That could deflate Swiss secrecy protection, "EC membership, as such, will not have," any effect," said Gerard Hertig, a professor; of law at the University of Geneva. "The only question is, because of increasing coop-eration and the changing nature of the mar-ket, will confidentiality change and will it matter?

"Changes can be in administrative law, not criminal law," he added. "Insider trad-ing in Europe didn't matter 10 years ago. In the future, it could be the same with taxes."

The shift toward more openness may explain data suggesting that customers are, pulling money out of Swiss institutions that, do private banking exclusively. A report roconcocts and executes the natioo's monetary; policy, shows that in 1991 the number of private banks fell to 19 from 22 the year before, and total assets slipped 4.4 percent to 5.33 billion francs. Those figures don't include the private banking services of big commercial banks like Credit Suisse and Swiss Bank Corp., or of foreign-owned banks like Schroders.

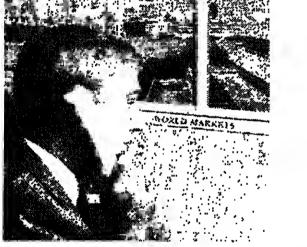
The good news for private bankers is that

See SWISS, Page 21



auctions, if they'd like."

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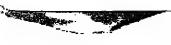
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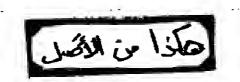
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# Faces hoosing a Private Banker Means Knowing What You Wat banking can have different connotations depending on where you are located. "An banking can have different connotations depending on where you are located. "An the use will take The bank discorr The bank discorr The bank discorr The bank discorr The private bank is the private bank is the private bank is the user the user the private bank is the private bank is

trying to attract clients and imwe their image by touting such things as what your risk tolerance is. rsonal banking services or select services, nking label means at all any more. So if a consumer wants to shop around a private banker, he or she must begin deciding exactly what services are de-

For many investors, private banking ans money management. This could in-ide high interest-bearing accounts and ecialized loan and overdraft facilities, Perhaps more often, the term implies a rsonal service, something a cut above the iss-market product. The bank may offer ertain something extra in terms of flexiity, discretioo and, often more impor-ntly, exclusiveness.

To others, private banking and investent banking have tended to become syntymous. The private banker is simply a rtfolio manager who has no particular e to grind between various markets and struments in the way that a stock broker ight, for instance. The degree of personal rvice - having a customized portfolio or ing sloued into existing funds - is likely vary in direct proportion to the amount money involved.

ent things to different people. five times," says Sandy Bowe, marketing And with big commercial banks director of Lombard, Odier in Britain, "while in Europe they will want to know

In London, the service-oriented side of my people don't know what the private private banking has traditionally played a major role. Times may have changed from the days when the private banker was ranked alongside the family doctor and solicitor as close personal friends, but that sort of ethos still survives in places.

Coutts & Co., celebrating its tercenteniary this year, is perhaps the epitome of the original private bank.

The services we offer are much the same as any other bank, but the difference lies in the manner and style in which these services are delivered," says spokesman Julian Marczak. "When we open an account, we don't say we can offer this, that and the other. We sit down with the client and ask them what they want from us."

With 18 branches and 45,000 personal customers, each Coutts manager will have oo more than 700 customers to serve. And the personal touch is still very much in evidence. Mr. Marczak relates the tale of a Coutts employee who delivered six jars of Coleman's mustard to a customer in the Middle East who was having difficulty obtaining it.

"Personal service and attention to detail Even here, though, the term private are the essence of private banking," he says.

ever, by charging a quarterly fee of £30 and a per-check charge of 75 pence. For bal-ances above that threshold, there are no rector David Jude. charges and interest is paid at 4.87 percent.

If exclusivity is desired in a private bank, one could try for an account at the Bank of England. The British central bank does offer private banking, although only to a select number of individuals. These are understood to include certain members of the royal family, members of staff and others with whom the bank has "active business links."

Exclusivity has its price, though, and the cachet of such an arrangement seems to be outweighed by the disadvantages. Although oo minimum balance is required for a checking account, credit balances earn oo interest. Overdraw by as much as a penny and you are likely to receive a lecture on how to manage your finances properly. Overdraw three times and you're out.

Many wealthy individuals are willing to forego exclusivity and the frills of clerks in frock coats for the benefit of earning a good rate of interest on their cash balances.

Cater Allen, established in 1815, offers a full range of banking facilities, both on-shore and offshore, including an interestbearing checking account for customers

That service may not be available to who meet its £1,000 minimum balance. The ment market, selecting a manager has be Tyndall & Co. offers a similar service

with an interest-bearing checking account and a range of higher-yielding fixed-term deposits, but again no access to cash. The client asks the right sort of questions," Mr. personal aspect is still there, however. "We Yadgaroff says, "and that be sees the right are on the phone to our customers on a regular basis," says operations manager Nigel Partridge. "We don't wait for them They need a fund manager who thinks like they do?" to contact us.

Increasingly, though, private banking is becoming more about investing than de-positing. That's certainly the case with the commercial heat alerent of the suggests focusing on the manager's investcommercial bank players.

"As far as Credit Suisse is concerned, investment management is the major con-stituent of private banking," says Paddy Ross, director of Crédit Suisse Asset Management in London.

for those who have assets of £80,000 to £100,000 upwards, which is rather low for

everyone, but a Contts account is ostensi- drawback here, as with other similar offer- come a more difficult job. Anthony Yadings, is that they lack easy access to cash. garoff of the London-based consultancy The account isn't connected to an automat-ite teller network. "The private bank is where individual clients are taken in a often used more as an adjunct to an ordi- chauffeur-driven limousine on a day-long nary housekeeping-type account," says di- tour of the city's private banks. The client gets to meet four in five top-drawer fund managers, selected by Allenbridge oo the basis of the client's requirements.

"It's part of my job to make sure that the they do.

What are the right questions to ask? ment style and past performance. Depend-ing on preferences, the client may want to know the manager's views on overseas in-vestment and currencies, and where he or she looks for research. He also urges asking bow much personal involvement the client Exclusiveness plays a big role bere, too, though in a different sense. "We provide for those who have made and of the day no matter attact

person's needs are, private banking comes down to trust: building a personal rapport with the bankers and finding someone the This sort of market." By contrast, Mr. Par-tridge defines Tyndall's market as those with a checking account balance of £5,000 to £10,000. With more private bankers now fighting for the lucrative end of the asset manage-states and finding someone the client feels comfortable with. "Ton many people," Mr. Yadgaroff warns, "spend 20 years building up their capital, then hand over their money in the first person who smiles nicely at them."

#### A Resumé of Services

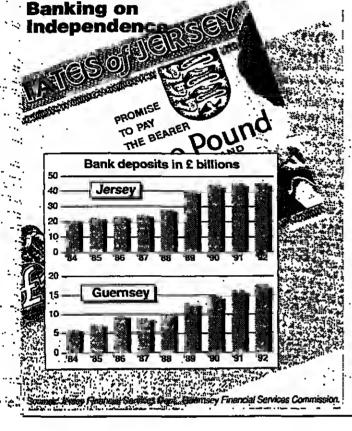
Private banking services in London

	Min, invest. or balance	Interest paid (current rate)	Cash card?	Check book7	Overchait,
Bank of England	None	None:	Yes 1	Yes	No
Coutts & Co.	£3,0002	4.87%4	Yes	Yes	Yes 4
Cater Allen	£1,000	6.70%	No	Yes	No
Tyndali & Co.	£1.000	7.50%	No	Yes	No -
1. Only for use w 2. Minimum for 0 3. Via NatWest 6 4. On balances 0	harge-tree	banking. maohines.	,999; hiç	ther rates	thensafter.
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Global presence Source: Chase Manhatian Private Bank	
Source: Unase manual	

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## By Philip Crawford

WITZERLAND isn't the which offers private banking ser-vices to high oet worth individuals. 'We're offshore Europe. And that in itself has proved to be important impregnable fortress of banking secrecy that it once was. Luxembourg and Dublin, the two tax havens to many clients."

within the European Community, continue to be haunted by the pos-sibility of Community-wide tax legislation down the road. Do these developments make the Channel Islands the leading candidate to be park their assets there. And as the Europe's premier offshore private islands have become increasingly banking center of the future? prominent, particularly over the past decade, banks from all over Islands-based banking professionals, pointing to the indepen-dence of Jersey and Guernsey from the world have set up shop to meet the demand, Since 1984, the our-EC finance regulations as well as to ber of banks in Jersey has grown 44 the momentum of the islands'

percent in 65, and in Guernsey, 62 percent to 73 banks. banking growth over the past decade, say yes. The key, many assert, is the political stability that the islands' self-governing structure provides, a continuity that some equally steep over the same period: In Jersey, a 120 percent fike to say has already prompted investors £45.2 billion (\$73 billion), and in from Japan, Asia and the Middle Gueroscy, a 205 percent climb to East to choose the Channel Islands

£17.7 billion, according to finance over other offshore centers. officials on both islands. And that's "Our major distinction in this just the cash. There's additional part of the world is that we're out- billions under management in

The reasons for such growth are deposit. A typical minimum depos-myriad, say banking analysts. One it is either £10,000 or \$20,000, and factor, of course, is that protection from taxes is a product that is eter-nally in demand. For nonresidents varying levels of service often exist for those with deposit levels of £100,000, £250,000, £500,000 or of the Channel Islands, interest inover £1 million.

Our major distinction is that we're outside

#### the European Community.

gross, and there are no capital gains, wealth, gift, death or any other forms of tax. There is no precedent, moreover, of Channel Islands anthorities divulging information to foreign revenue services. The precedent is one of noncooperation.

That alone is a good selling point for wealthy individuals who live off the income from their investments, and many products in the islands' private banking spectrum are sel

much money a customer has on Dublin. There's just oo way that the EC will ultimately allow tax havens

One Guernsey bank managing within its own borders, and if peo-

say their proponents, is the absence of fear that EC legislation will Commuoity, and eaonot be changed without altering the actual protocol eventually eradicate their tax advantages, an anxiety that lurks in the shadows for Luxembourg and

regard to EC fiscal legislation.

Each island's independence, say the statements, is guaranteed by

Such an event would require theunanimous decision of all EC. countries, including Britain, and isseen by Islands-based officials as .. less likely than the prospect of the

morning fog forever vanishing off ple in Luxenbourg and Dublin say the Brittany coast. that that doesn's worry them, Officials in both Luxembourg they're lying," said one Jersey bank officer who insisted on anonymity. and Dublin, to be sure, make the same argument. Any change in "And even if tax barmony never their status, they assert, would have actually happens, the reality today to be made by ucanimous EC balis that it might. That in itself is lot, a vote that they themselves.

enough to give investors pause." would veto. To that, many in Chan-... Responding to rumblings on the issue within the islands' financial nel Islands are replying: Well, may-be, but there's plenty of turmoil in community, both the Economic Advisors Office of the States of the Community. Jersey and the Advisory & Finance Committee of the States of Guernsey - each island's highest regulatory body - recently published lengthy statements outlining their identical constitutional positions in

"Much of private banking is-nest-egg stuff," said Dennis Crane, managing director of ANZ Grind-lays Bank (Jersey) Ltd. "II's looking after people's assets and trying. to enhance them or, in a bad economic climate, at least maintain them. And what people want most, in addition to professionalism and, confidentialty, is a politically stable environment."

WINT GUARANTEED CURRENCIES (M

If you would like more informatio

The increase in deposits has been

side the EC," said Julian S. Bub, managing director of Chase Bank & Trust Co. (C.L.) Ltd. m Jersey. trusts, for which no comprehensive interest rates that depend on how much money a customer has on

come on deposits is paid out in

Since the Channel Islands' emergence onto the global banking stage in the early 1960s, their tax laws and confidentiality standards have persuaded many wealthy people to

Julian S. Bub of Chase Bank & Trust Co. in Jersey.

£50,000.

tutions have a strata of services and special as Switzerland used to be,

director, Charles Tracy of N.M. Rothschild & Sons (C.L.) Lid, said his ideal client was the individual who had about £5 million, although the bank starts accepting deposits at the more modes) level of

But shelter from taxes and banking secrecy are also available in Luxembourg and Dublin. Indeed. that fact is one reason why Switzerand many products in the islands' land has gradually lost the unique-private banking spectrum are set up for just such clients. Most insti-now makes the Channel Islands as Protocol 3 of the Treaty of Accession of the U.K. to the European

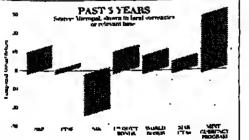
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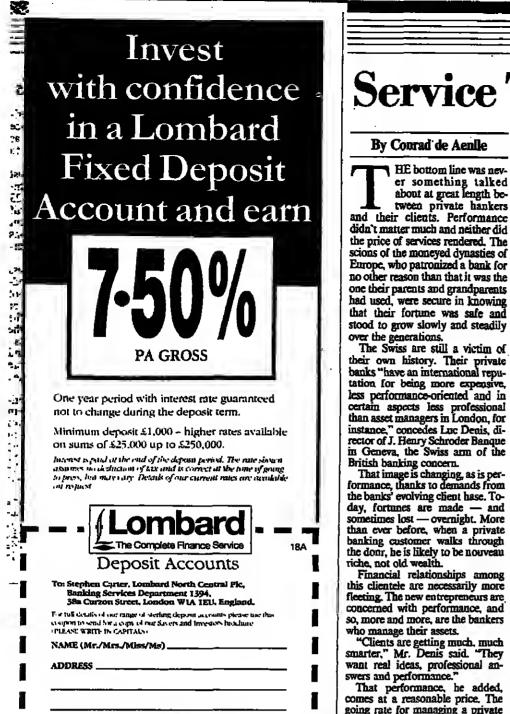
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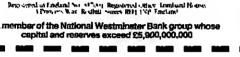
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## Private Banking - A Special Report Service Today Means Performance, Not Coddling

By Courad de Aenlle Frankfurt or Switzerland, it's the HE bottom line was nev-

er something talked and their clients. Performance didn't matter much and neither did industry's watchword, and perforthe price of services rendered. The scions of the moneyed dynasties of Europe, who patronized a bank for no other reason than that it was the one their parents and grandparents had used, were secure in knowing bankers are doing rather well, that their fortune was safe and "I think the banks have proven

stood to grow slowly and steadily over the generations. The Swiss are still a victim of their own history. Their private banks "have an international reputation for being more expensive, less performance-oriented and in certain aspects less professional bank can't manage money with the same level of confidence an invest-But the Swiss economy ha than asset managers in London, for instance," concedes Luc Denis, di-rector of J. Henry Schroder Banque in Geneva, the Swiss arm of the

> 'There's no reason a bank can't manage money with the same level of confidence an

investment adviser can."

Ziad Malek of Massachusetts Financial Services.

Financial relationships among Street or as we do as a U.S. fund Inflation has climbed, growth has this clientele are necessarily more company." A private bank's capabilities as fleeting. The new entrepreneurs are concerned with performance, and an asset manager depend a lot on where it's headquartered, Mr. Maso, more and more, are the bankers lek said, with European ones being "Clients are getting much, much in a better position to provide those services.

That performance, he added, comes at a reasonable price. The going rate for managing a private "Banks in Europe are termed uni-banking account is half a percent a versal hanks. Regulators in Europe, year of assets plus transaction and spectrum of functions than can be "Managing an account now

costs more or less what it does in London or New York," he said, "If Swiss bankers claim they are es-

custodian fees.

**Private Banking** 

in turbulent times.

you have a globally managed port- pecially adept at implementing in- centage points a year on the franc folio, whether it's in London. ternational investing strategies. and a few more points on bond "We have for years now been

ime." thinking more globally," remarked In other words, private banks are Marcel Mahon, head of private about at great length be-tween private hankers ir clients. Performance and costs. Discretion is still the zerland is such a small country." SBC relies heavily on computer-

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

mance comparisons with mutual ized portfolio management systems funds or other types of asset man-agers are virtually impossible to tives say these costly systems help come by. But hy most accounts, them to "pick the right currency, even from competitors, private the right market, at the right time, Asset management used to be a

lot less difficult for Swiss private they're very capable," said Ziad bankers. The right currency was the Malek, managing director of the Swiss franc, which always seemed international division of Massa- to rise in value against everything chusetts Financial Services, the else; the right market was the safe oldest American fund company, haven of their neutral, fiscally which recently opened an office in sound country, and the right time Lausanne. "There's no reason a was all the time, because nothing

But the Swiss economy has had - over the last couple of years.

You have to make a distinction between a bank's ability in managing money and what regulators allow them to do," he explained. month shows that Switzerland has retained some of its status as a place to go when all other places Germany for example, allow a hank to perform a much wider

make people feel queasy. In those carefree days not too performed in the United States." many years ago, when asset manag-ers at Swiss banks made a few per-

**Carefree Currency No More** interest, the trick was not running Deutsche marks per Swiss franc, weekly. money hat providing service, whether it was sending cash to a 1.25 client's vagabond nephew abroad or "walking Madame la Convesse's dog," as Mr. Denis puts it. But in their new emphasis on

performance, are private banks shortchanging their customers on the sort of personalized treatment for which they were famous?

"Private banks on the fund management side will stack up against any of the major institutions, at least in the U.K.," said Chris Macdonald, managing director of Brooks, Macdonald, Gayer, a Lon-don brokerage, but "the quality of the person advising individuals is reasonably poor and the level of service is poor.

What you normally find is rather than making each portfolio individualized, they tend to box them - high growth, income - you fit into one of those categories," he said. "Brokers tend to take a more individualistic view: We are man-

aging this person's assets." He said another problem at Brit-Bank Corp. seem to want to have it Only now, service is more soph both ways. In touting the bank's cated because clients themselve ish private banks is a high turnover managers and other personnel. Private bankers turn livid when

they hear talk like that. "That's totally wrong," declared François Larsen, a senior private

inking executive at Credit Suisse slowed and the Finance Ministry in Geneva. "If you come to a prilast week said it expected big budvate bank today, you'll have a relaget deficits to continue for most of the decade. tionship manager and a manager who will handle the assets. Banks The franc fell from more than 1.2 are getting closer to finding out who the customer is, what is his risk Deutsche marks in October 1990 to less than 1.1 last spring, although it profile. Once we have defined the has recovered somewhat amid signs profile, we're going to manage it that the move toward a unified Euwith other similar profiles to make rope was flagging. The capital flight from Britain and Italy last it more efficient."

The private bankers at Swiss

"I was managing the funds of Mr. So and So, now I'm managing

But are all people who have a lot of money the same? "We have to discover who the client is, what is his husiness, what are his objectives," Mr. Mahon responded. Once the objectives are defined

and put on paper, we decide the Mr. Denis believes individualized Hong Kong. Private banks offer service remains at the core of private service clients can get nowhere else banking, and that Swiss banks, in the world. Competition is fore bound by tradition, are the best at it. ing them to get hetter here."

portfolio management system, Mr. have become more sophisticated. Mahon said that "if it's the right strategy for a \$1 million client, it's right for a \$5 million client."

the affairs of Mr. So and So," he said. That can include helping in commercial financing, accounting and tax, estate and trust planning

"Open an account in London they'll manage it fine," he said "but try getting a letter of credi tomorrow morning because there's a company you want to buy in

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COTTISH fund managers, proverhially cautious in their investment strategies, are honing their marketing skills to attract new institutional and private client funds. This new aggression seems to be paying off: Brokers say more and more money

By Aline Sullivan

Edinburgh is Europe's secondbiggest fund management center ment manager at Stewart Ivory & after London. The city's financial services sector, based around Charlotte and St. Andrew's Squares, is steeped in history. Scotish fund about a quarter of the £900 million managers have been investing (\$1.45 billion) the firm has under managers have been investing much of Britain's capital since the industrial revolution.

"Today's fund managers, working in the same Georgian buildings, dismiss the stereotypes of "Canny Scots\_" saying they recruit from all over Britain and focus on international markets. But many concede term reputation and are away from that this conservative image, ag-

**Money Flows to Edinburgh** "Scottish managers are taking in Park, a fund manager at Scottish more money, particularly in the in- Widows Investment Management ternational marketplace," said Max Remote from the hard-sell tech-Ward, an investment manager at Baillie Gifford & Co. "We are able managers in Scotland are able to to offer experience that goes back a long time along with stable organi-zations and good track records,"

These qualities are increasingly attractive to the type of wealthy individuals targeted by private bankers, as well as to institutional investors, Charles Prickett, invest-Co., said his firm's private client business is growing fast, mostly by word of mouth. It accounts for

details of the strategy."

management. "We offer private clients two things they can't get in London: a continuity in personnel and the at-

titude that people with £1 million are quite important," said Mr Prickett. "Also, we have a long-

"ask questions about fundamental values again and again," he said,

Some brokers and managers say Edinburgh fund managers are too staid, though, in both personality and investment decisions.

"The Scots play on their old school tradition but a lot of them have had a pretty mediocre performance," said a London fund manager who asked not to be named. They do have a lower cost base and they may pay more attention to private clients but they aren't will-ing to take big risks."

But some fund managers in Edinburgh argue that they are pioneering investment in new inarkets. Keith Falconer, a senior invest-

ment manager at Martin Currie Investment Management Ltd., said his firm has been winning new through its expertise

is winding its way to Scotland.

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gressively marketed, is winning new clients at the expense of their London counterparts.

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TOLL FREE UK 0800 269900 USA 1 800 2834444 1 800 8823988 the hurly burly of London." "We are seeing a drift of private emerging markets. client money to Scotland because the service is better and the costs

substantial new business. The ma-

jority of the other houses continue

to show solid investment returns."

dependent fund manager in Scot-land with £5 billion under manage-

ment. Clients include the Ontario

Teachers' Fund, the higgest pen-

sion fund in Canada, and the City

of Los Angeles Employees Retire-ment Fund. The firm's Scottish

Mortgage Trust ranks fourth out of

18 British trusts in the general in-

of 4.95 percent over the past year,

according to fund statisticians Mi-

"Our performance has certainly

helped us to win clients lately," Mr. Ward said. "But there is nothing

clever or special about us and I don't think we are particularly con-

servative except in our pension

fund management. We just have a

consistent application of funda-mentals to asset allocations."

Brokers say Edinburgh fund

managers are less willing to invest

in takeover targets than their Lon-

don counterparts. This strategy was something of a disadvantage in

to British and international clients.

cropal.

ternational category with a return

Baillie Gifford is the largest in-

"We attract overseas clients by our willingness to back our judgare lower," said Mike Cuthbert, a ments and we huy and well stocks broker at James Capel & Co. in Edinburgh. "On the institutional quite aggressively," he said, "But we only huy stocks where we have side, some groups like Baillie Gif-ford have demonstrated by their done our homework." Martin Currie has £2.5 billion performance that they can attract

under management. Its segregated funds produced a return of 18 percent during 1991, compared with an average of 16.9 percent for British pension funds monitored by World Markets Co. in Edinburgh. ish Over the past five years, though. Think the firm's average annual return of 9.5 percent has lagged the overall 'average of 9.9 percent. The firm's international clients

include the Thomson Advisory Group of mutual funds in Stanford, Connecticut, and the Investment Corporation of Saskatche-

Other firms are expanding their overseas client base through joint ventures. Stewart Ivory has a joint venture with Boston's Babson Trust: Baillie Gifford has a joint venture with Toyo Trust in Tokyo and Guardian Life Assurance in New York; and Scottish Widows, which has £16 hillion under management, has a relationship with the Advest Group in Hartford, Connecticut.

The reach of Edinburgh's fund managers is clearly growing. And despite the impressive list of instithe 1980s but it now very attractive tutional business, managers insist that the big players won't crimp "The Edinhurgh managers are their efforts to cater to more conservative," said David private client husiness. their efforts to cater to a thriving

CANAL THE REPARTMENT. Schroders & J. Henry Schroder Bank AG ART COUNSELLING SERVICE Prafessianal advice on art purchases, sales and management For further information and brochure, contact: Elizobeth Morkevitch J. Henry Schroder Bongue S.A. 8, rue d'Itolie, CH-1204 Geneva Tel. (022) 29 01 61 Fox (022) 29 33 70

حاذا من الأصل

## THE MONEY REPORT

# Foreign Firms and IRS: Hard to Assess

#### By Robert C. Siner

(Codd)

HARGES that foreign-owned enterprises do not pay their "fair share" of U.S. taxes are based on inadequate and potentially mis-

leading data, a new study warns. The review, by the accounting firm KPMG Peat Marwick, says that although foreignowned enterprises tend to have lower pretax rates of return and, by some measures, a lower effective tax rate than Americanowned enterprises, these differences "more likely mean that the companies are out truly comparable" than that cheating is occurring.

The issue has acquired urgency because the made increased taxes on foreign enterprises a major part of his economic proposals. Measures being examined by Congress in-

clude a tax on gross receipts, or sales, of foreign-owned U.S. corporations, a type of minimum tax that would sever the relationship between profits and taxes.

in 1988, the most recent year for which data is available, the Internal Revenue Service reports that foreign-owned enterprises paid \$5.8 billion in tax on income of \$19.8 billion. The effective tax rate of 29.3 percent was higher than the 25.5 percent for U.S. companies, which paid \$93.9 billion in tax on \$368.4 billion in income.

Most of the outcry, however, is based on IRS figures that show foreign-owned enter-prises report significantly lower rates of re-

turn than American-owned enterprises. The effective tax rate as a percentage of sales in 1988, for example, was 0.7 percent for foreign companies and 1.1 percent for American. Peat Marwick found the IRS statistics potentially misleading because they did oot take into account differences in the mix of industries and financing between foreign- and U.S.-owned firms.

In effect, the report says, looking at tax rates as a percentage of receipts, net assets or oet worth, as many studies attempt, are only valid when comparing firms that are in the same industry, have similar equity-debt ratios and have the same mix of older and newer assets.

Focusing on comparisons within industries and looking at returns to lenders as well as shareholders brings the rates of return much closer, but they were still lower for foreignowned enterprises. Possible reasons for the differences, the

study says, include the more-rapid growth of investment by foreign-owned businesses, intercompany transfer pricing and the impact of foreign exchange rates. From 1985 through 1988, assets of foreign-

owned companies increased at a rate three times that of American-owned companies, the study says. This can lower the foreign-owned companies' rates of return because new investments often are initially unprofit-able. Also, the "historic method" of cost accounting used by most companies, rather than the "fair market value" method, overstates rates of return on the older invest-

ments, of which American companies tend to have more.

Finally, the rapid growth of foreign-owned enterprises entails more borrowing and thus interest expense, which is tax deductible. On exchange rates, Peat Marwick found that a weak dollar tended to reduce profits of foreign-owned manufacturing operations because they buy many of their parts and equipment from abroad, paying in stronger foreign currencies. The effect of exchange rates on other types of businesses was unclear,

though, the study says. The evidence on transfer pricing, another longtime suspect of abuse, was similarly unclear, the study found. The only way to determine whether there is transfer pricing manipulatioo, whereby a foreign parent overcharges its U.S. subsidiary for materials to boost its profits at the expense of the subsidiary, is on "a case-by-case basis with a careful examination of all the relevant facts." The IRS data was not sufficient to do this, the study claims.

From what data was available, however, the study says that the disparities could as easily he explained by "fundamental differences between the operating structures" of foreign- and American-owned enterprises. In conclusion, the study says that current data should be "only one element" in determining tax policy toward foreign-owned en-terprises. Decisions on whether to increase taxes on foreign businesses demand "more accurate measures of the true comparability of the firms being analyzed," it argues.

## SWISS: EC Threat Is Debatable, but Outside Competition Makes Inroads

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#### (Continued from Page 18)

their profits rose by 15 percent last year. That may he why Michel Derobert, of the Geneva Private Bankers Association, said his members were pleased with last year's performance.

"I'm not sure yon can say business hasn't been that good, as far as my membership is concerned," Mr. Dérobert said. But others concede that a shakeout has

been occurring in the industry. In the last two years, "several banks went oot of the private banking business" through mergers or takeovers, said Georges Verg-nion, chairman of Chase Manhatan Bank (Switzerland). "There's been a sort of consoli-dation in this market." When it's over, he said,

there will be "fewer players, but bigger." Mr. Denis estimated that one-third of the Swiss institutions offering private banking services lost money last year or saw profit fall, despite the strong earnings reported overall. The consolidation, he said, is likely to last several more years, with still more private banks closing up shop. Should that occur, he said, "it will remain an efficient banking industry with a capacity to manage funds and a capacity to provide services."

Even though secrecy is probably the feature most closely identified with Swiss banks by the public, Chase says a study it conduct-ed shows that confidentiality is not especial-ly important for its Swiss private banking

Financial goals most likely to be given top priority by Chase clients are "finding a stable environment for assets," "preserving wealth against inflation and depreciation,"

"protecting family in case of premature death" and "increasing wealth substantially." Secrecy was near the bottom of the list. "Switzerland is a safe haven, not a tax haven," Mr. Vergnion said. "What is a client looking for? A safe environment, reputation, history

But throughout history, Switzerland has kept its own counsel, gone its own way, taken orders from no one. That would change with EC membership. The country

EC membership could cost Switzerland 'a good deal of banking secrecy, neutrality and the golden aspect of the Swiss franc.'

Luc Denis of J. Henry Schroder Banque.

would become a part of a bloc that it has

would become a part of a bloc that it has been a haven from, even recently during the September currency crisis. "Financially, I'm not convinced it will change a lot," Mr. Denis said. But "we would probably lose a good deal of banking secrecy, neutrality and the golden aspect of the Swiss franc."

One reason many others in the Swiss private banking fraternity aren't getting partic-ularly worked up over the prospect of EC membership is that they see that prospect as extremely dim. The Swiss, perhaps more than any other people, are not much for joining things. Even more so than Ameri-cans, they like to keep a discreet distance from their central government — as far as possible, actually — swearing allegiance to their cantons, if to any political entity.

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Under the cantonal system, not only must a majority of Swiss voters approve EC membership, but voters in a majority of the 23 cantons must do so. Should more than half of the electorate approve membership, but be concentrated in the populous cantons where the larger cities are situated, the referendum might still fail.

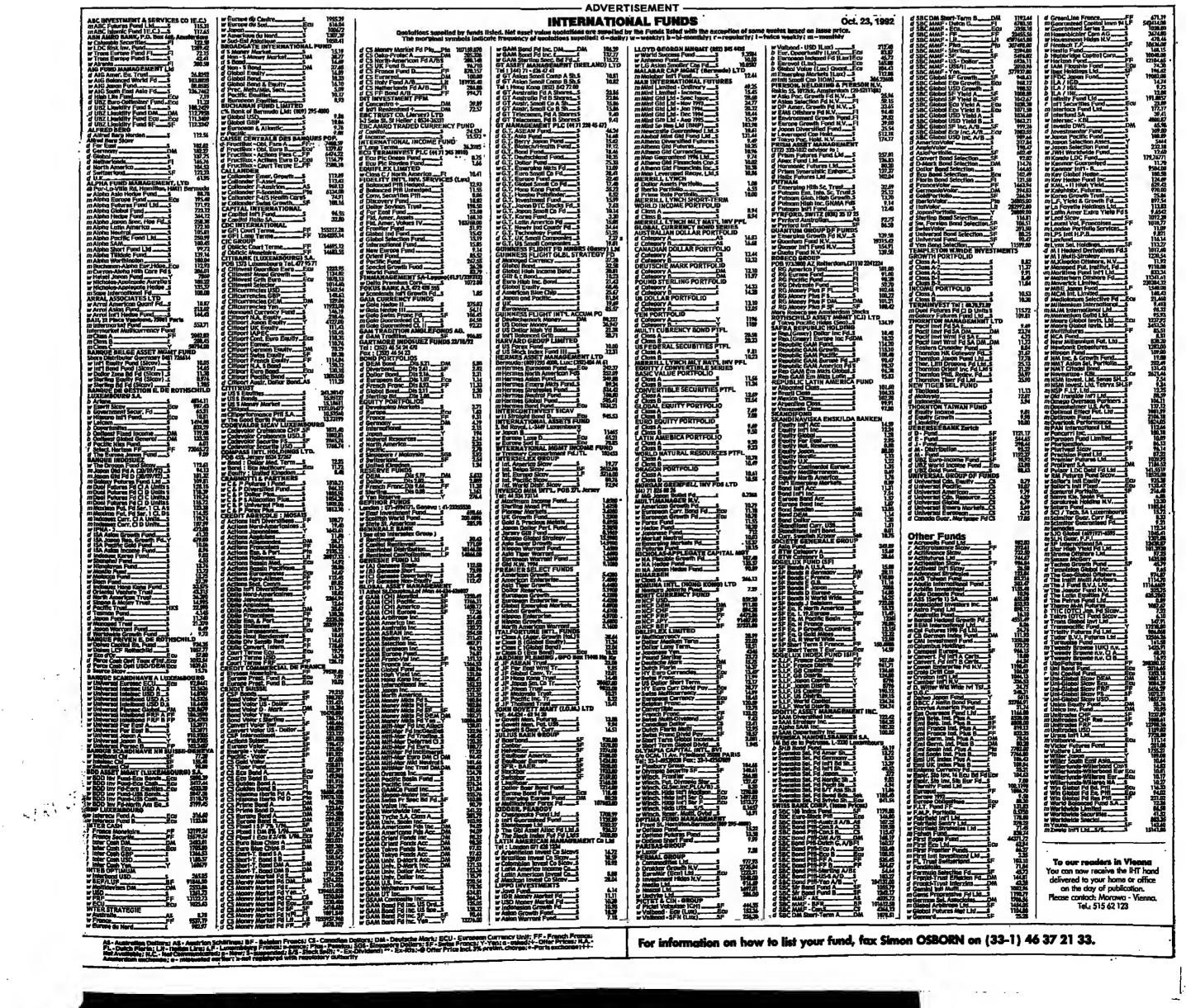
Given the glacial speed at which progress tends to be made in large international bod-ies, an actual vote on EC membership is not expected until near the end of the century or later, if at all. Much more pressing is the Dec. 6 referendum on membership in the EEA. That referendum is expected to pass.

"Joint access to markets and capital and people — the risks of losing are much more reduced," Professor Hertig said of that vote.

"It's easier to accept." Bankers say membership in either multinational bloc actually would benefit them and their clients in some respects. Banks would be able to build their staffs from throughout Europe, rather than relying heavily on Swiss nationals. And with their market no longer protected, they would be forced to improve their services as the field is

"You're getting a much more level playing field in private banking throughout En-rope," said Mr. Brown of Morgan Stanley. "Switzerland is responding positively to this. They're extending their investing outside Suitzerland Switzerland, becoming more international in their approach."





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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

#### SPORTS ÷. 5.

## There's Only One Option for an Olympic Vaulter Who Fell Just Short — Try Again

By Ian Thomsen International Herald Trabune

PARIS -- The time in between Olympics is like a walk across the desert. Just two months ago, in Barcelona, Kory Tarpenning completed his second Sumnfer Games. But he, like many others, is not satisfied, and his next chance won't come until after another four long years of work.

- In between the question is: How did you do in the Olympics? Everyone he meets will want to know. It was a defining moment in his life, and as such the event is too complicated to be summed up by a number. The number is but the litle of a story. He should be proud, and he is. But that's what the years are boiled down to: fourth place. He finished fourth.

"I don't think a lot of athletes prepare for how they're going to feel after the Olympics, but it's something they all go through," says Steven Ungerleider of Brough," says Steven Ungerleider of Eugene, Oregon, co-author of "Beyond Strength: Psychological Profiles of Olympic Athletes." "The whole notion of preparing, of being an elite athlete, has to encompass all of the ups and downs, incredible peaks and valleys. They focus on competing in the events, but they don't focus on what happens afterwards." afterwards."

pared. His poles were lost and then recovered by an airline shortly before he was to depart for Seoul. He opened his poe bag to discover that each of his poles had heen crushed at the up. They were ruined, and so was he. It was like trying to play championship golf with a stiff new set of clubs.

He finished 10th. Not one bour later he was promising to perform better in 1992. Before he had even exhaled his frustration, he was publicly sentencing himself to four more years. "I was not good company after those Olympics at all." Tarpenning says. "Un-

fortunately for my girlfriend, she took the brunt of my disappointment." Ungerleider and his co-author, Jacqueline M. Golding, surveyed 373 track ad field athletes who qualified for the

1988 U.S. Olympic trials. "Athletes need to cope with all parts of the matrix of their events, and that includes letting go of the hig event, and being prepared for going an with one's life." Ungerleider said in a telephone interview

"They're in a very vulnerable posi-tion." he said. "When the hig event is over, some of them go through a fum-

why didn't I move on with my life?" Later they discover the rewards of their discipline, but it's a very painful time." Tarpenning would not stop there. He finished 1988 raaked No. 4 in the world,

which only underlined his disappoint-ment in Secul. Growing up in Engene, Oregon, the track and field capital of the United States, his childhood ideals had swirled around the Olympics. Now he was married, with an Olympics behind him, and the training was growing hum-drum. His wife, Susan, applied to study fashion at the Parsons School of Design in Paris. They went for it, moving there two years ago.

He signed with the Racing Club of Paris and worked with coach Maurice Jouvion at INSEP, the French national training center. The move rescued him. In their apartment. Susan laughed at the

The first time he competed in the oling period that could last three years, aspect that he could imagine. Of course, four years. This is a huge question that he couldn't imagine everything, an American pole vaulter, was not prepared. His poles were lost and then rehe lost his focus. This time he arrived in Barcelona at the last possible moment,

> 'I don't think a lot of athletes prepare for how they're going to feel after the Olympics, but it's something they all go through.'

Steven Ungerleider. coanthor of a book on sports psychology

72 hours before the pole vault. He ate, sight of her husband prancing through slept, watched television and waited. his imaginary vaults. As the 1992 Games The world-record holder. Sergei approached, Tarpenning spent an hour Bucka of the Unified Team, was one of or more each day in a trance, visualizing the higgest favorites in the Olympics. the Olympics, beginning with the plane Tarpenning's goal, as America's top ride to Barcelona, th his practice ses-sioas, to his free time in the athletes' Of the eight medal contenders, only village — preparing himself for every six advanced to the final. During the

qualifying round, Tarpenning and his U.S. teammates noticed that Bubka was receiving his usual special treatment. Each athlete is supposed to vanlt within two minutes, but Bubka was leisurely removing his sweats, preparing himself

rbythmically before appearing on the runway with only 75 seconds remaining - at which time the clock was reset to two minutes.

At some meets, Tarpenning noticed, Bubka was allowed up to 15 minutes before attempting one of his many world records. This time the Americans complained, telling officials that Bubka should be held to the standard two-minute allotment in the Olympic final.

Tarpenning cleared his opening height of 5.60 meters (18 feet, 4.47 inches), then waited. Just before Bubka's first vanh, Tim Bright, an American who had fallen out of the competition, confronted the timekeeper and said, "Same rules for everyone, right?" The official nodded. Later Bubka would complain that the clock seemed to be moving faster than

normal. "He lost his composure," Tarpenning said, "Normally he takes his time, takes a few steps, and when he's ready to go, he'll go. Now he was forced to go before' he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the he was ready to go. He was watching the was the bar didn't fall, and Tarpen-

When Bubka finally no-heighted at 5.75 meters. Tarpenning's expectations leaped like a cardiogram. He could win the whole thing. Just as quickly, he realized that photographers were swarmi onto the runway around Bubka. Using his pole like a police barricade, Tarpen-ning shoved them stumbling back into their photo pit. His own two minutes were running.

Tarpenning missed twice before clearing his last attempt at 5.75 meters. He was one of four athletes still alive. If he could convert his third try at 5.80, he would move past Javier Garcia Chico of Spain, the national favorite, to win the

bronze medal. "I uoticed the whistling and booing while I was running down the runway, but I didn't know it was for me," he says. "When I missed the jump, the whole stadium erupted. I said, "What's going or? Something alter in the stadium pure

tion keep falling, into a state of post-Olympic depression.

We should teach athletes to prepare for both extremes," Ungerleider said. "Suddenly the Olympics are over, and you aren't preparing for them anymore. You have to live with the result."

Four days later Tarpenning was back on the runway, at a meet in Monaco. He was exhausted. He no-heighted there, and at his following meet as well. Before he knew if promoters were threatening to withdraw his invitations if this was the best he could do. He had no choice. He is 30 years old, a professional. He went back to work.

"I plan on continuing to the next. Olympic Games," Tarpenning said, "I was disappointed I didn't get a medal, but I did my best on that day. I didn't win the bronze because I had more misses than the other guy. What that tells me is that I have to be technically perfect on every jump. I'm going to keep working at it. I have the desire to do this until 1996\*

That's the thing about time - it flies by as you grow older.

#### **Bayern** to Field Maradona in Lazio Match

The Associated Press MUNICH - Diego Maradona will make a guest appear-ance for Bayern Munich in an exhibition soccer match against Lazio of Rome next month, the Munich club said Friday.

F The game is scheduled for Nov. 11 at Munich's Olympic stadinm, said the Bayern spokesman, Markus Hoerwick.

The Argentine superstar. who recently joined the Span-ish club Sevilla after serving a 15-month ban for cocaine use. will be paid for his appear-ance. But Hoerwick declined to specify the fee.

Lazio includes two German stars, Karlheinz Riedle and Thomas Doll, and the English star Paul Gascoigne.

New York Times Service

**REDSKINS (4-2) at VIKINGS (5-1)** Key stat: Redskins have won five straight over Minnesota and rushing defense allows 81.7 vards per game: Vikings alone atop NFC Central after six games for first time since 1983. Comment: Minnesota has the physical stature to stand tall against Washington and not let the Redskins control both lines of scrimmage. This proves critical, keeping the game close, but the Redskins have more experience and ability to make critical, game-deciding plays in the closing minutes. The Redskins are favored by 21- points.

BEARS (3-3) at PACKERS (2-4)

Key stat: Bears have won four straight over Green Bay and two straight at Lambeau Field; Packers running back Vince Workman leads NFC backs in receptions with 39. Comment: Bears Coach Mike Ditka will look across the field and see Mike Holmgren, the Packers coach and former San Francisco offensive coordinator. Hoimgren called the plays in the 49ers' 52-14 shellacking vs. the Bears in both teams' regular-season finale last year that killed the Bears' chances of winning the NFC Central. Duka hasn't forgotten. What can he do about it? Not enything that will get the Bears 52 points but chough to have them poised and pre-pared, Bears by 34.

BENGALS (2-4) at OILERS (4-2) Key stat: Bengals have not won in Houston since 1984 and quarterback Boomer Esiason bas four touchdown passes and nine interceptions: Oilers have won seven straight at home. Comments The Benzals, ence one of the NFL's top-scoring teams, have crumbled on offense and won't find much relief in Houston. The Oiler defense has not allowed a quarterback to pass for more than 224 yards and Ray Childress and Lee Williams have 11.3 sacks between them. Oilers by 16. BROWNS (3-3) at PATRIOTS (0-6)

Key stat: Browns quarterback Mike Tomczak bas hit 12 of 57 passes for 404 yards with one toucndown and two interceptions; Patriots are allowing 149 rushing yards per game. Comment: Things have gotten ugly in New England and the Patriors fail continues against a team that believes it can contend for the playoffs, Browns by Siz, LIONS (1-5) at BUCCANEERS (3-3)

Key stat: Lions lost to Buccaneers 27-23 in Week 4 and Barry Sanders has rushed for only 367 yards; Buccaneers defense has not allowed a 100vard rusher. Comment: The Lions offensive line simply has not gotten the joh done, but it has been hit hard by injuries and tragedy. The Lions say they searched high and low for help but couldn't find it, Buccancers hy 2:2.

CARDINALS (1-5) at EAGLES (4-2) Key state Cardinals have lost eight of last 11 vs. Philadelphia but have won two straight in Philadelphia: Eigles converting 46.8 percent of third-down plays, second-best in NFC. Comment: Eagles linebacker Seth Joyner after Philadelphia's 16-12 loss at Washington: "You can't play football unless you

NFL MATCHUPS

ning back Rodney Hampton has seven rushing touchdowns, tops in the league, Comment: The Giants are a more capable team than their record indicates and Seattle provides a salve to heal open wounds. The focus returns for the Giants -- albeit for only a week - in a matchup they should dominate, Giants by 15.

For the Redskins, Will Experience Pay Against the Soaring Vikings? game decided by five ar fewer points. Comment: Coach Jimmy Johnson has the Cowboys flying high in intensity and in execution. Add those two ingredients with talent and it is easy to see why Dallas has the early lead in its division. The Raiders want to keep their three-game winning streak alive and need another stout defensive effort against a team laced with speed in all areas. Cowboys by 3.

> BRONCOS (5-2) at CHARGERS (2-4) Key stat: Broncos have beaten San Diego in four straight and have won 9 of the last 11 m series; straight and have won 9 of the last 11 m senes; Chargers are allowing only 74 rushing yards per game. Comment: Upset here. San Diego has won two straight and is finally getting offensive produc-tion to match a spinited defense; San Diego had scored only 46 points in its first five games before scoring 34 to beat Indianapolis. Chargers by 1.

COLTS (3-3) at DOLPHINS (6-0) Key stat: Colts have five players who have at least one interception; Dolphins can become AFC's first 7-0 team since Minuti opened 11-0 in 1984. Comment: This should be a tuneup for the Dolphins to prepare them for the meat of their schedule beginning in Weck 10 (Buffalo, Houston, at New Orleans, at San Francisco, Raiders). Dolphins by 13<sup>1</sup>/<sub>2</sub>.

SNOW!

So Or and the

STEELERS (4-2) at CHIEFS (4-3) Key stat: Steelers' Barry Foster sparks AFC's No. 1 rushing attack (142.7 yards per game); Chiefs are 3-0 at home. Comment: Steelers Coach Bill Cowher was assistant under Marty Schottenheimer at Kansas City and at Cleveland, so he knows the Chiefs' tendencies and the Chiefs' play-ers strengths and weaknesses. He has built a team in the Chiefs' likeness in Pittsburgh: big team, strong running game, hard-hitting defense. Chiefs by 812

BILLS (4-2) at JETS (1-5)

Key stat: Bills have won nine straight over Jets, and Bills' Coach Marv Levy is 5-0 vs. Jets at Giants Stadium; Jets cornerback Michael Brim has four interceptions. Comment: Both teams come off a hye week and the Bills have lost two straight for the first time since 1989. They will remedy their pains vs. the Jets, especially on of-fense. Bills by 81/2.

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These National Football League matchups were written by Thomas George of The New York Times, Odds were provided by Harrah's of Las Vegas,

RISE UP, MY

15 PAST."

LOVE, FOR, LO, THE WINTER

## BOOKS

WINE SNOBBERY: An Expose has attached the title "Wine Snobbery" to

this book: Who, precisely, are the snobs By Andrew Barr. 336 pages. S212 against whom he hopes to direct our out-Simon & Schuster, 1230 Avenue of the rage? However illegal, dastardly, beinous. Americas, New York, New York unpatriotic and just plain ghastly the practice of adulteration may be, it most

rage of technical stuff that Bart fires in his assault against the malefactors of the wine industry. A lengthy chapter on a process called "chaptalization," by which "sugar is added before and/or during fermentasis, and is followed by a slightly longer discussion of the practice of blending wines to boost their alcoholic pop or oth-erwise enhance their appeal. This will be of interest to mavens but not to those of us who labor under the disadvantage of being relatively minformed about and/or uninterested in such matters. "Wine Snohbery" will make you think twice as you wander through the fine wines secure of your local wine shop. As you sare longingly at the bottle of Bur-gundy that can be all yours for half a week's paycheck, you may do well to ask whether everything inside it is what you expect it to be. This may in turn lead you back to the section of less expensive wines, where you will find no showpiece for the evening's table but where, on the other hand, you may have reasonable hopes of getting more or less what you pay for. Whether this was Barr's purpose in writing "Wine Sachbery" is highly doubtful But it may well be the most useful 'esson that many readers will learn from nim, and they may well find this reason enough to wade through the slower parts of his exegesis.

By Alan Truscott

VOVER the East-West cards on the diagramed deal, and estimate the chance the lie of the hidden cards will make four hearts by South unbeatable.

PEANUTS

COWBOYS (5-1) at RAIDERS (3-4) Key stat: Cowboys overall are an NFC-best 47-27 vs. AFC; Raiders are 3-1 in this series with each

BRIDGE

challenge people. You can't go into a game being afraid. Our offense — just say the Washington Redskins and we just fall to pieces." O.K. just say the Phoenix Cardinals. Eagles by 1642. SEAHAWKS (1-6) at GIANTS (2-4) Key star: Seahawks are gaining only 191,6 total' yards per game, worst in the league; Giants run-

*tcio20*.

Reviewed by Jonathan Yardley

NDREW BARR, a British wine journalist, is scandalized. Everywhere he looks he sees wine makers adding sugar, adding water, artificially goosing the aging process and otherwise indulging in "dubious wine practices which are normally exposed only by oc-casional wine scandals." He wonders: "If the truth were to come out, would consumers be content with cheap wines and noney to achieve the image that producers have so carefully created?"

Whether you think that is a good ques-ition is likely to depend on whether it inflatters to you that the most evalued wines of France and California consistently meet the high standards that the most exacting oenophiles expect of them. If that is, you are a wine such you certainly will take very seriously all the charges that Barr musters against the industry, for Barr himself is a wine scob of the first rank - not one who collects -fine wines for show, but one who simply cannot imagine that anyone who driaks wine could possibly be content with any-thing less than the untainted oest. It is therefore rather peculiar that Barr

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certainly is not an act of snobbery. Is it suchbery to drink without complaint wine that has been joined by sugar or diluted by water? It is difficult to imagine how.

The likeliest explanation must be that Barr somehow managed to put the wrong title on the right book. Such mistakes are made all the time and doubtless no one much cares about them, but in this case the title arouses expectations in the reader that the book does not fulfill. We hope for "An Expose" of wine snops but are given one of wine makers, which is not a had deal at all hut not the one we'd hargaized for.

Whether many readers will be as scandalized by it all as is Barr is at least problematical. The average American wine drinker, whatever such a creature may be, probably accepts as a routine condition of modern life that mass production entails some degree of compro-mise; he or she probably also regards the expenditure of much more than \$8 for a bottle of wine as a rare extravagance and therefore is unlikely to be sent reeling by the disclosure that the loftiest of Burgundies and Bordeaux are not always quite so lofty as their makers would like us to

By the same token, most renders are likely to lose patience with the heavy bar-Washington Post

The chance is obviously very small, but the long shot comes home. Looking at the North-South hands, one would expect to lose three diamond

tricks and two black aces, with a danger, of a second spade loser. South was in four hearts doubled, with no sensible game contract available for, the opponents. There was no way for the opponents to take more than East's three aces. The fact that the diamonds were blocked and West had no entry was not enough: the 10-9-8 of clubs had to fall tripleton to allow South to discard two

diamond losers. South did not, however, make 10 tricks. With a little help from the defense. he made 11. West led a spade to his partner's ace, and East cashed the diamond ace and tried to reach his partner's hand by underleading the club ace. As South had unblocked the spade

jack at the first trick, he was able to win with the club king, finesse the spade ren and throw his remaining club on the spade king. Then he ruffed out the club ace, drew trumps ending in dummy and the club seven was established to score the overtrick.

NORTH Jonathan Yardley is on the staff of The ● K 10 T T A 9 5 +QJ76

BEETLE BAILEY IT'S A PELICIOUS, SUCCULENT, TEMPTING WHAT'S WHEN HE LISES THAT MANY ADJECTIVES I FOR DINNER COOKIES PELECTABLE PELIGHT. EAT IN TOWN. DALLER CALVIN AND HOBBES IT DOESN'T MATTER IF YOU YOU LOOK ONER THERE AND I'LL LOOK OVER WERES THE BALL ? HERE. I DONT WIZARD of ID



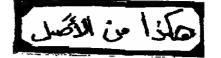


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# n-n, SPORTS BASEBALL

# **Braves Stay Alive, 7-2, as Smith Hits Grand Slam Off Morris**

## With Deflated Jays Clinging to a 3-2 Lead, Series Returns to Atlanta

By Mark Maske Vashington Past Service

TORONTO - Lonnie Smith and Jack Morris like to do this World Series hero-goat routine as a pair.

On Thursday night, however, they witched roles. Smith did not need to stop and ask for directions to get around the bases this time. He negotiated the three left turns easily, after converting a fifth-inning fastball from Morris into a grand slam. And the Atlanta Braves coasted behind that exploit to 8 7-2 victory over Morris and the Toronto Blue Jays in Game 5 to stay alive in this 89th World Series.

The 52,268 on hand at the SkyDome -and much of the rest of Canada - had been ready to celebrate the World Series trophy coming north for the first time. Instead, they were subjected to the sort of deflating defeat that had the ghosts of past Blue Jays collapses coming to mind.

The Braves made it three games to two in this best-of-seven affair, with Steve Avery set to oppose Toronto's David Cone in Game 6 on Saturday night in Atlanta.

"I can't tell you how humbling this game can be," said Morris. "You have to suck it up and accept it. If you've been around long enough, you have to take all of it. And tonight I took the bad part. The positive thing is, the Atlanta Braves have won two games and I've pitched both of them. They're in real trouble, because I'm not pitching

It was 361 days ago, at the Metrodome in Minneapolis, that Morris became a World Series legend in large part because of Smith's

dleton's game-winning double. But Smith struck back on Thursday. The 16th grand Pat Borders was the Toronto offense, ex-

rally that began after there were two outs. "I was happy," Smith said. "I can't explain the feeling I had much more deeply than that. This is just tremendous. I've never real-ly hit Jack well. I felt I'd hit it hard enough to get it out. But then Joe Carter just kept running, and I started to wonder." Morris's miserable postseason continued

The man who was bought to bring a World Series crown to Toronto was a 21-game win-uer during the season, but he is 0-3 with a 7.43 earned run average during this postseason. His 423-inning, nine-hit, seven-run di-saster on Thursday left him 0-2 with an 2.44 ERA during this Series. That's from a hired gun who began this year with a 7-1 career (with a 1.54 ERA) in the World Series. Morris — who was pitching on four days'

rest instead of three after Manager Cito Gaston juggled his rotation — surrendered a double on the first pitch Thursday, and he was behind by 1-0 after three batters courtesy of Pendleton's RBI double. David Justice reached Morris for a long, bases-empty home run in the fourth, and Deion Sanders's run-scoring single preceded Smith's opposite-field, fence-clearing line drive on a fat 1-

brain lock on the basepaths, stopping at record his first-ever World Series victory and third on what should have been Terry Pen- up his career record to 5-0 (with a 2.12 ERA)

slam in Series history - and the first by a tending his postseason hitting streak to 13 designated hitter — turned a 3-2 Atlanta games with a run-scoring double in the sec-lead into a 7-2 cushion, climaxing a five-run ond inning and adding an RBI single in the ond inning and adding an RBI single in the fourth. But the Blue Jays failed to hit a homer for the first time in their 11 postseason games, and Mike Stanton applied the finishing touches to notch a save.

The Braves ended their World Series road The Braves ended their world Series road losing streak at seven games and 34 years. They became the first non-dome team in 11 attempts in World Series play to win a game indoors, and they at least put off following their path of last year — when they went 0.4 in the Metrodome — to a World Series defeat. The Braves will attempt to become the seventh club, among 38 that have tried, to overcome a 3-1 deficit and win a Series.

Pendleton — a member of the 1985 St. Louis Cardinals, who squandered a 3-1 lead to the Kansas City Royals - told the Braves in a pregame meeting that, yes, it could be done. He'd seen it happen. And the Braves seemed to emerge from Game 5 feeling good about themselv

Morris has a reputation as being perhaps baseball's best big-game pitcher, an image solidified when he beat Smoltz and the Braves for the Twins with a 10-inning shutout in Game 7 of last year's World Series. In that game for the ages, Smith was tricked into hesitating at second just long enough to keep from scoring on Pendleton's eighthinning double against Morris in what has gone down as an all-time gaffe.

Smith broke his silence on the incident late

Thursday night. "I don't think I'll ever get retribution for that." be said.

Smith had belp in the Braves' 13-hit assault Thursday. Atlanta got Smoltz a quick Berryhu e 1-0 lead with which to work. Otis Nixon led off the game by grounding Morris's opening pitch down the left-field line for a double, the first of his three hits. Sanders struck out on three pitches, but Nixon stole third hase with Pendleton up. And Pendleton got him home by pulling a full-count pitch down the right-field line for a double. The Blue Jays got even in the second. A John Olerud base hi and a walk to Candy Candy Lee as

John Olerud base hil and a walk to Candy Maldonado set the stage for Borders with two outs. His double into the left-field corner made it a 1-1 game. Justice's mammoth bomer 10 right field in lead off the fourth put Atlanta back in front, but Toronin got even in the bottom of the inning on Olerud's single, a walk to Maldonado and Borders's (3), CS-Biouser (11, 6115 base hit np the middle.

Nixon got Morris's fifth-inning nightmare started with a two-out single and a stolen base. Sanders hit an RBI single for a 3-2 Atlanta edge. Sanders had to stop at third base on Pendleton's double to right field only because of fan interference, and an intentional walk to Justice loaded the bases for Smith Morris's up-and-away fasthall on the 1-2 count was too hittable, and Smith lined it over the right-field wall. Morris exited the mound to boos.

"It was the pitch I wanted to throw," Morris said. "It's the pitch I live and die with. You saw which one it was tonight."

## The Boxscore Justice rt LSmith dh Bream 1b Blauser ss Beillard ss Totals Totals Tereste White ci RAiomar 25 Carter ri Winfield dh

Page 2

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Stottlemyre 1 2 0 Smoltz pitched to 1 both

\* unie Smith's grand slam homer in the fifth chased Jack Morris \* d transformed Smith from '91 Series goat to '92 Series hero.

## With One Big Swing, a Wrong Is Sweetly Righted

#### By Thomas Boswell

Washington Post Service ¬ORONTO — Just the words give you a little chill. They're almost too perfect, too symmetrical, too deeply gir for the real world: "Lonnie Smith saves Braves from mination in the World Series with a grand slam homer off ck Morris.

With one fifth-inning swing in Game 5, with one long posite-field blast into the Atlanta Braves' deliniously incing bullpen. Smith set every baseball tea-leaf reader in the Western Hemisphere

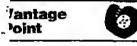
working overtime. This

7-2 Braves victory, cut-

ting their Series deficit to

three games to two, will

**Radio: Going, Going, Gone** 



Viking

evitably set off a 48-hour nationwide cottage industry in -ystal-ball gazing and tarot card reading.

If Lonnie Smith, the officially designated goat of the '91 /orld Series, can tie a tin can to the tail of Jack Morris, the ero-raised-to-a-new-power of that same '91 Series, then en't other ominous doings now visible on the horizon?

Isn't this whole Series karma husiness turning on its tail te more? After all, it was Smith's base-running hlunder in Initia inning of Game 7 last year that helped Morris and
 Twins win the world title, 1-0, in 10 innings. Without
 nith, Morris would have lost that game. Jack Morris uldn't be Jack Morris, total legend, without Lonnie

hith, bonebead Doesn't this mean that the Atlanta Braves, so rudely nied last October, are about to be rewarded with a great ordeal will be worth the pain?

As for the Blue Jays, doesn't this knock 'em back on their Blow Jays heels? Manager Cito Gaston left Morris in to pitch to Smith with two outs, the bases loaded and the Braves leading 3-2. Nobody in the entire world of baseball second-guessed Gaston. Everybody, everyone of 'em, firstguessed him, Yank him.

What this Atlanta victory was truly about was not the ultimate outcome of this World Series. Maybe in a few days we'll change our minds about that, But for now, it's about this personal-relations problem between millions of us and Lonnie Smith. It had to get straightened out, right? For

decency's sake. Seriously, it's just not right for a tough veteran like Smith, a guy who's helped three teams to world titles, to go down in baseball history as the man who, with one tiny misjudgment, cost a fourth team a World Series.

O.K., O.K., the '91 Series isn't going to go away. Chuck Knoblauch is going to deke the double play to Greg Gagne forever and Smith is going to get paralyzed — "vapor-locked," the players call it — just past second base, wonder-ing for a bundred years where that miserable ball Terry Peruletan bit has some the Pendleton hit has gone.... Still, this Game 5 makes it better. Much better. It helps

give us, all the millions of us who aren't exactly in Lonnie nith's fan club, a chance to put matters in better balance. Maybe we can see Smith, and remember him, for what he really was -a fine player who got into five World Series and

comeback of such sweetness that their entire two-season Series time. He feels burned. Not that he doesn't know he messed up. But still it hurts. All the jokes about his lifelong mickname --- Skates, because he slips and slides around the bases. All the hlame that's placed on him and not on all the other Braves who did so many things less than wonderfully 12 months ago. After all, Smith hit homers in three straight games in that Series. What did some of those other guys do? Smith didn't even get thrown out. He just stopped at third

base with nobody out instead of scoring standing up. "It happens," Smith said this week. "Unfortunately, it happened at the wrong time." This season, he was reduced to a part-time role because of

Deion Sanders's emergence.

T HURSDAY NIGHT, Bobby Cox played a huge hunch. He benched Ron Gant, a 27-year-old star who has twice had 30 homers and 30 steals in the same season. Instead he put Lonnie Smith in the lineup. And not just anywhere. Cleanup.

Is that a hunch or what?

Before this game, you could hear Cox being called senti-mental and worse throughout the SkyDome. Maybe Cox felt that, for his team to come back from the

dead, for his team to come back from a three-to-one deficit, just as the Royals once did to his Jays in 1985, something dramatic and symbolic and really big-time had to happen. Like Lonnie Smith saving the Braves' season with a grand slam homer in the World Series off Jack Morris. For Smith, it rights a wrong. Whether it has turned the tide of this World



did an excellent job in all of them. Except for one huge Lonnie Smith doesn't talk much, especially now at World we'll soon discover.

Series — a classic that has already reversed its field once

## A Legend's Mystique Dispelled

## This Time, Mercenary Morris's 'Best' Was Not Enough

By Ron Sirak The Associated Press

The breeze barely moves the humid summer night air. In an upstairs bedroom a child huddles with the lights off and tunes in the far away sounds ... ] of baseball. On the front porch, a father does the same, newspaper folded on his lap, rocking slow-ing in the chair that his father used.

Rippling through the silence is the crackle of static and the soothing burn of a faceless crowd of baseball fans in some ballpark somewhere, calmly waiting for something to happen.

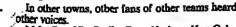
With comforting regularity, genule expectations — are punctuated by the thud of the baseball finding the catcher's mitt and the bellow of the umpire passing judgment on the pitch. Suddenly the silence is shattered by the crack of

the bat and the roar of the crowd, tied together by the impromptu word picture painted by a disembodied voice pouring ont of the radio.

No voice told the story better than the soft, sweet Southern sounds of Red Barber. His death Thursday is one more page forever turned in the story of baseball, another closed chapter. Another step away from the time when baseball was a game only on the radio, mostly played in the daytime hy players who had no choice but to play years with the same team for salaries that could be equaled by

a steelworker having a good year of overtime. We all had our voices. We all have our memories.

"There's a drive, deep left field, Robinson is on his horse, back be goes, to the wall, you can kiss it goodbye. Oh, how sweet it is. The Great Roberto takes Purkey downtown and the Bucs lead, 1-0." That's the way it was for me. The voice was Bob Prince. The team was the Pittsburgh Pirates. The town was New Castle, Pennsylvania. And the scene was replayed almost every night for me during the baseball season from the mid-1950s through the mid-1960s.



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Mel Allen, Vin Scully, Russ Hodges, Ken Colenan. Curt Gowdy. Harry Caray. Ernie Harwell. Hallsey Hall. And more.

Television had yet to take control of the game, throwing its salaries obscenely out of control and dictating starting times that put the final, dramatic innings of World Series' games past the bedtime of children in most of the country.

There was no plastic grass. Or agents. Players knew how to bunt and hit behind the runner. Pitchers pitched nine innings and outfielders hit the cutoff man.

Team loyalties were passed on from parent to child, fleshed out hy the background sound of a radio hroadcast listened to on a sticky afternoon while washing the car, or on a breezy evening while driving a car or falling asleep.

You listened to your team and the game was called by your announcer, who ucver hid his excitement when the good guys did good.

Til still take one Bob Prince exaggerated radio call of a key play over the endless television replays showing nine different angles of a foot reaching for a base.

Baseball was made for the radio. This pitch, this play, existing now, then gone. The thrill of the game is the building anticipation of what is to come, not the endless replay of what has been.

No one built that anticipation better than Red Barber, who used a three-minute-egg timer to re-mind himself never to go longer than that without giving the score of the game.

I don't know if baseball was better then, but it felt better. It seeped into the soul on the sounds of a summer night, through the words of radio men like Barber and gently, silently became an mu-shakeable part of our life.

1 look at my 10-year-old daughter and wonder why she isn't wearing a Yankees cap and why she doesn't try to sneak her transistor radio on after bedtime to catch a game.

Maybe because the game just isn't the same. Maybe because the World Series happens after bedtime. Maybe because television makes her never think of the radio. Maybe because the Red Barbers are slowly be-

ing silenced.

Hunter (1), Sokic (7), Craig (4) 2, Courtmall (4), Madano (4) 2, Shots as goal: Quebec (an Casey) 5-4-15. Minnesoto (an Fisel) 14-11-NHL Standings )5-40. WALES CONFERENCE Patrick Div L T PIS GF Z Hew Jersey NY Isku Beston Calgary Boston Quebec Montreal Buffato Hartford 3 CAMPBELL CONFERENCE Norris Divis L T Ph GF GA Terento Detroil Tempo Boy Chicago St. Louis 5 24 10 30 25 10 32 24 9 30 21 4 27 34 Los Ang Calgery 0 1 2 5 0 2 Otherea 3 2 1-5 Otherea 8 1-3 Kypreos (2), Cuencyworth (2), Verbeek (3) 2 Craven (7); Baker (1). Shoks on soot: Hort-ford (on Storklevic, Weeks 18-7-9-24. Otto-wo (on Barket 1-7-8-24. Vascouver Philadelau THURSDAY'S RESULTS Pattabelipsia Sandiak (2), Courtnell (01, Bure (6), Fergus (1): Yushkevich (1), Lindras (5), Recchi (5) 2, Statson soal: Vancouver (on Roussei) 12-9-13-0-34, Philodeliptus (on Whitmore 110-84-1-25, Detroit Philsburgh Corson (3), Probert (11, Rocine (2), Fe-

SCOREBOARD

HOCKEY

Carson (3), Probert (1), Racine (2), Fe-dorav (2), Chicason (2) Ciccarolii (4); Tispett (1), Jage (5), Tocchel (5) 2, McEachern (7) 2, Lemieux (11) 3, Storts on goal: Detrait (an Barrosso) 10-13-11-34, Pittabursh (an Che-valdoel 13-7-19-39.

Toronito 3 1 1-5 Tamba Bay 1 1 6-2 Clark (2), Pearson (2) 2. Borschevsky (7) 2; Sradlev (4), Ramage (2). Skots an soal: To-tanio (an Jablanski) 12-1)-6-29. Tamba Bay an Patviai 12-11-7-30.

New Jersery 1 2 1 1-4 Calcope 1 2 2 8-5 Holik (41, Chorske (2), C. Lemieux (4) 3, Richer (11; J.Lemicux (2), Larmer (4), Rom-ick (5), Graham (4) 2, Stots on goal: New Jersery (on Belfour) 15-1-9-4-37, Chicago (on Terrer) 10-9-15-0-34. Beston 1)2-4 1 ) 1-2 ev (11, Donato (2), Oales (1), Wes ()); Roberts (5) 2. Shots an goal: Boston (a Verson) 1244–28. Calgary (on Lemelta) on to BASEBALL **Japanese League Series** Friday's Result Seibu Leads saries 3-2 wallows 7, Seibu Lions ( LYOH OPEN Frida Operierf Richey Ranaberg, U.S., det. Dave Ro U.S., 6-3, 6-2; MoliVol Womhington (3), U.S.

Richey Ranebers, U.S. def. Dave Randail, U.S., 6-3, 6-2; MoliVol Washington (3), U.S., del. Karst Novock (5), Czechoslovakia, 6-3 6-1, BRIGHTON TOURNAMENT Friday Quarterfisets Stetti Graf (1), Germany, del. Lori McNell (3), U.S., 6-2, 6-2; Anke Huber (4), Germany, del. Pascole Poradis-Manson, France, 6-3, 1; Mory Joe Fernandez (2), U.S., del. Nothalle Touzial (7), France, 6-4 6-3, VISINMA CA TROPHY

0 1 1-2 1 1 3-5 2 Courtnali

VIENNA CA TROPHY Friday QuarterSmats Jan Siemerink, Netherlands, def. Brad Gil-bert (4), U.S., 6-1, 1-6, 6-3; Gioniuca Pazzi,

italy, def. David Prinosii, Czechosla 6-0; Petr Korda (1), Czechoslovaki lo. def. A isch. Austria, 7-6 (7-2), 6-4.

TRANSACTIONS BASEBALL

BOSTEIN-Declined to express BOSTEIN-Declined to express their op-lians on contracts of Torn Brunansky and Bil-w Hatcher, outfielders, CALIFORNIA-Released Scott Boiles. pitcher. KANSAS CITY—Released Juan Samuel In-fielder-outfielder. Claimed Kevin Morion, pitcher. off waivers from Boston.

Compiled by Our Staff From Dispatches TORONTO - Jack Morris, the man whose \$5.5-million arm propelled the Toronto Blue Jays through an awful August and into the World Series, proved to be mortal after all.

And the legend came tumbling down.

He was invincible during the 1991 World Series as a Minnesota Twin, mowing down these same Atlanta Braves, and cooly efficient in compiling a 21-6 season record with the Blue Jays. But the Morris mystique dissolved in the 1992 DOSISCASOR.

The 37-year-old right-hander pitched 41/2 innings Thursday night, giving up nine hits and seven earned runs, including a grand slam to Lonnie Smith. That turned Morris into a cheerleader for the rest of the season. The man the Blue Jays' brain-

trust counted on to be a hero in the pressure games failed, and failed miscrahly. It was not just Thursday's 7-2 loss, it was the entire nostseason.

In 23 innings, Morris gave up 24 hits, 19 runs, all of them earned, and six homes runs as he rang up a 7.43 ERA and an 0-3 record. That very well could have been 0-4, but he was spared another defeat when Toronto rallied from a 6-1 deficit to defeat Oakland 7-6 in Game 4 of

the AL playoffs. "I tried," said a stubborn Morris after the game. "I can honestly say I did the best I could. When you know

you did your best, there's nothing else you can do. You have to take thing that comes your way." Morris, the modern baseball ver- ple forget really quick."

sion of a mercenary, pitched for the Twins in 1991. He pitched so well that in postscason games he compiled a 4-0 record and a 2.23 earned run average. He beat Toronto twice in the AL playoffs and Atlanta twice in the Scries, including a 10inning, seven-hit, 1-0 masterpiece in the seventh game. But the Braves seem to have solved him this year.

The count on Smith was 1-2. Morris challenged him with a fast-ball, not a bad fasthall, but not a good one, either. "I knew if I made a good pitch, I could still get out of the mess I got into," said Morris. "But I didn't. It

was a fastball away. I might have thrown it another inch or two higher and he might have popped it up. But what happened happened." The Toronto manager, Cito Gaston, took the blame for not pulling a tiring Morris before he pitched to Smith. Morris already had given up eight hits, including a home run to David Justice in the fourth inning,

before Smith tagged him. But he has always believed in Morris, frequently leaving him in games longer than good judgment might dictate, especially for a man with a 4.04 season ERA.

"I believe in Jack a lot," Gaston said. "Without Jack, we wouldn't be here."

The SkyDome crowd booed Gaston when he finally emerged from the dugout to yank Morris. The manager, asked if he thought the booing was directed at Morris, him or the "situation" responded; "Let's hope it was the situation, but it could have been for me. But peo-

Morris said Atlanta had just seen a little bit too much of him. "I think it's just a case of pitch

ing against the same team in the World Series two years in a row," be said. "They've seen me five times. After they've seen you-so many times, tonight they got me."

"But," he added, "I'm going to hold my head up high. I'm pot going to lie down and cry. If we go on to win. I'll be as happy as anybody in this room. I've contributed over the season as much as anybody in this room. I still think we're going to win this damn thing.", I., (AP, WP, NXT)

## Swallows Keep **Hopes** Alive

The Associated Press TOKYO — Takabiro Ikeyama hit a leadoff home run in the top of the 10th inning on Friday to give the Ya-kult Swallows a 7-6 victory over the Seibu Lions and force a sixth game in the best-of-seven Japan Series.

Akimitsu lto, who pitched the final 41/3 innings, retired the side in order in the bottom of the inning for the victory. Yakult's Jack Howeld

opened the scoring in the fourth with a three-run homer. The Swallows added Atsuya Furuta's two-run single in the fifth and Tetsuya lida's RBI single in the sixth.

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## **DAVE BARRY** Flushing Out Snakes

M IAMI - I hat: to bring this own free will. According to the arti-tial election, but it turns out that Even is a hall python and rolls into the problem of snakes in toilets is a hall when frightened . . . it would be impossible to flush him even worse than we thought.

Page 24

You may recall that several down the todet." (Legal scholars but true incident in Oklahoma wherein a coutageous man fought a lengthy multicommode battle to evict a lengthy snake from the plumbing system of a sportsmen's club. The man would flush the snake down one toilet, thinking he had gotten rid of it, but then, bam,

months ago I wrote about a chilling will recognize this as the famous "Ball Python Defense.") At this point, you prohably have

several questions: 1. Why was he soaking the snake in the bathtub? 2. Did it have snake BO?

3. Despite the lack of armpits? ir would pop up in another toilet. After that column appeared. I 4. Does the Canadian legal system have a lot of spare time, or what? received dozens of letters from The answer to No. 4 is clearly "yes," because when the case went readers claiming that they too have had encounters with toilet snakes. to trial defense lawyer Hale had an This snake prohlem is not confined actual toilet brought into the courtto Oklahoma. In fact, it's not even room and filled with water for a demonstration intended to prove confined to the United States. I hase this statement on an amazing that Even would, on his own, go incident in Canada wherein a toilet snake appeared as evidence in a COURT OF LAW.

lence fell over the courtroom, and

then, suddenly, Professor Prender-

But apparently the demonstra-

Knight-Rulder Newsponer

This was brought to my attention by alert Canadian John Hale, who was the defense laws er in the case. allegation that someone tried to He sent in a news account from Lawyers' Weekly, written by Eliza But the judge decided to a He sent in a normalized with the demonstration. And so, as use beth Payne and headlined — I am not making this up — "Lawyers' various legal parties looked on un-tently, a state-appointed snake guardian removed Even from a sack and placed him into the toilet have A hushed and dramatic si-

stration was necessary, you need to know what lawyers call the facts of the case (or, in Latin, "ipso factos"): On the morning of July 21, 1991,

gast leaped to his leet and shouted: "1 DID IT! I MURDERED a nine-year-old grl went into the hathroom of her Ottawa apartment CLARISSA WITH THE WEED WHACKER, AND I'M GLAD!!" No. unfortunately nothing that conclusive occurred. Even staved in and discovered, in the toilet bowl, a four-foot-long (or, in Laun, 1.25-meter) python named "Even." bereinafter referred to as "Even." the toilet for a moment, then slithered back out toward his sack. The The girl told her mom, who called experiment was repeated twice, with the authorities, who managed to the same results. The article does not state if Even was under oath. capture Even somehow. ("We have "Please raise your, um, your . . . ''i this toilet surrounded! Come out

with your hands up!") It was determined that Even be-It was determined that Even be-longed to a man who lived in the judge found the defendant not longed to a man who lived in the apartment upstairs; prosecutors then charged this man with cruelty to animals, alleging that he wanted to gri if of Even, so he (the owner) of bleeding-heart-liberal judges freeing hardened criminals armed with 1.25-meter snakes to assault to animals, alleging that he wanted to get rid of Even, so he (the owner) the plumbing of law-abiding sociflushed him (Even) down the toilet, ety, knowing full well that the po-lice in most cities are legally recausing Even to suffer abrasions and what the article describes as "a stricted to a snake caliber of no bad case of snake pneumonia." greater than .75. Is there something But defense lawyer Hale claimed

you can do? You bet there is. You that the defendant had merely left can stay out of the bathroom. Even soaking in a bathtub, and that ven crawled rate the toilet of his

## The Man in Italy's Cultural Hot Seat

By Roderick Conway Morris

R OME - When 65-year-old journalist Alberto Ron-chey received a phone call out of the blue this summer from Giuliano Amato, Italy's recently elected prime minister, asking him if he would like to be a minister, Ronahev was, he says, "absolutely imazed."

"It was totally unexpected. Apart from anything else. I'd always been cruical very crinical of the government, the parties and the whole party system as it operates here in Italy, I said: minister of what? And Amato said: of culture.`

Since then, after a lifeame of reporting and commenting, Roncbey has himself become news - because of a series of forthright decisions.

I found Romeley taking stock after the latest and greatest initiative of his first 15 weeks in office. At the height of the country's worst economic crisis for decades, he had just succeeded in extracting 36 million hra (about \$24.5 million) from the Treasury to create a National Gallery of Art at the Palazzo Barbenni, which will at last provide Italy with a state gallery to rival the Louvre and London's National Gallery

One of Rome's most magnificent buildings, the Barberini was bought in 1949 to house the gallery. But most of the 17th-contury palace was occupied by the armed forces' officers' club, which has resolutely refused to budge. By raising the funds to buy another building, the Art Nouveau Villa Blane, for the military to move to, Ronchey has finally cut the Gordian knot, making possible the founding of a new world-class museum, which will show 1,500 works, most of which have remained in storage for lack of space to exhibit them. Ronchey, who owes his name to his descent from a

Jacobite Scots Jamily that fied to July after the defeat of Bonnie Prince Charlie a: Culloden Moor in 1746, greeted me in his enormous, sur lit office at the Collegio Romano. Having started his career writing for an ann fascist underground newspaper during the war. Ronchev evidently derives quiet amusement from the fact that the desk be now works ar was the one at which Mussolini was sitting when he learned of his overthrow in July 1943.

For a time a professor of social economics, after serving as Moscow correspondent for La Stampa, and the author of over a dozen books. Renchey has an academic and meticulous air combined, however, with an engaging lack of

pomposity. Finding a solution to the Palazzo Barberini impasse had clearly come as a relief to him, not least because his firmness has been gaining him the reputation of a cultural Dr. No. Last month he forbade the Venice Film Festival the use of St. Mark's Square for their awards ceremony on the grounds that TV crews with their trucks and heavy equipment had already damaged the ancient stone work on previous occasions. He followed this up with a veto on the shooting of a TV discussion program in Palladio's Teatro Olimpico in Vicenza.

But his most contested raling so far has been to put an end to the annual summer opera season at Caracalla's Baths in Rome.

"It's not our job." said Ronchey. "to judge the quality of the performances — though I'm told the acoustics there are dreadful. But it is our right, and our duty to preserve monuments. The defenders of the opera argue that it's such a long tradition that it shouldn't be broken. But my response is: 1/s precisely because it's been such a long tradition that they have had the time to do serious damage



Alberto Ronchey: "So many cultural treasures."

to the baths, and can't be allowed to go on doing it." Not being a career politician, Ronchey manifests a nononsense attimde to the TV networks, who seem to regard it as a God-given right to commandeer public spaces to provide themselves with attractive hackdrops. His own experiences have been salutary, "If I agree to be interviewed at home, I always say: Do

come, but please don't wreck the place. When they turn up, they always want to start moving the lights, putting reflectors up — the least they do is blow the fuses. It happens every time." New concessions, be said, to film in historic locations would only be granted when television showed itself capable of more responsible behavior. The new minister is also under no illusions as to the

immensity of the task he has taken on. "No country in the world," he said, "has so many cultural treasures per square kilometer. The richness of the artistic sedimentation is unique: There have been the

Etruscans, the Greeks, the Romans, the Byzantines, the Arabs, then medieval civilizations, the Renaissance, the Baroque..., We have 50,000 historic houses, 100,000 monumental churches, more than 1,200 kilometers of state archives . .

.......

Yet the Ministry of Culture is given only 0.21 percent of government spending -- considerably less than is avail-able in France, for example. But although he has publicly described Italy's budget for culture as "derisory," he is also a realist.

"I'm not insisting on more money, given the gravity of the economic crisis. I did so in the case of the Palazzo Barberini only because it was so important, such a symbolic case."

To meet the shortfall, Ronchey said, the ministry bas been very successful in finding private sponsors — the most spectacular recent example being the pledge by the Banca di Roma to spend 40 billion lira to rescue the crumbling Coliseum. The problem is that sponsors tend to go for showy

projects to get a return in publicity." he said, "which is perfectly right and legitimate. On the other hand, there are many things that need restoring, that may in the end be more important, which can't attract funds because they are not so flashy. So it's our joh to create a positive image for them."

One of the severest and most sustained criticisms of the Ministry of Culture has been for its failure to complete a comprehensive catalogue of the country's artistic riches. The difficulty, said Ronchey, had lain in the obsessively detailed procedure for compiling the catalogue. "I've adopted a more rapid method of cataloguing, still

scholarly, but much faster. It's now envisaged that 4 million entries will be done within a year." Such a catalogue will undoubtedly be vital in combating

the alarming rise in art thefts, by providing data for pursuing missing works. But what, I asked Ronchey, were his plans to confront the threat of what has been described as the "legalized sacking" of Italy's heritage when with the European single market, border controls are lifted on Jan. 1?

The worry, said Ronchey, was not so much over publicly owned works, which are protected by law in any case, but those privately owned. If the financial crisis continued, there was a danger that many works would be sold off and exported.

"The point is to Ind substitutes for the physical barriers, the old customs barriers," he said, "to introduce fiscal legislation to help keep works here; to offer more allowances to do restoration; reductions on inheritance taxes. or have the possibility, as in England, to pay off taxes in the form of art works - this would constitute an effective defense.'

The life expectancy of Italian governments is notoriously short. "I'm the 14th minister of culture in 16 years." said Ronchey. "Which means, of course, that there's been no continuity. And, even if some previous ministers have been first-class, they've never had long enough to do anything." When the time comes Ronchey says he will be more than happy to return to his previous calling - though, with the light of battle gleaming discreetly in his eye, he admitted that "having started something I never like turning back."

Roderick Conway Morris is based in Venuce, and writes for The New York Times and The Spectator.

## PEOPLE

#### Sting Gets Stung, Calls The Yard to the Rescue

It looks like Sting may have been the victim of a sting: After noticing as much as £6 million (\$9.6 million) missing from his bank account and that of his manager, the rock star called in Scotland Yard. The fraud was reported to involve misappropriation of royalties and other pavments. The probe began whan Sting's manager. Miles Copeland, had independent expense examine the books of his accountancy firm, Moore Sloane. Sting claimed after the audit that large sums had not been paid to his firm or to Copeland's company.

#### 

Elton John is suing the television tabloid show "Hard Copy." alleg-ing that a reporter. Deborah L. Scranton, claimed off the air that he had moved to Atlanta to be near an AIDS treatment center. The suit, filed in Atlanta, seeks at least 535 million in damages and a restraining order against the show's producers.

The publication was a bit de-layed, but finally the first novel of Samuel Beckett is being published 60 years after it was written. "Dream of Fair to Middling Wom-en" was written in Paris in 1932 when Beckett was 26. and was turned down at the time by a num-ber of publishers. It is described as the tale of a young man, his life and loves in Dublin and his travels in Europe. п

#### Sales of Madonna's "Sex" have been restricted in West Australia State to stores registered to sell adult publications, and the book must be kept under the counter. Arts Minister Kay Hallahan said: "The book depicts people in degrading poses as well as simulated violence, bondage and bestiality."

#### п

The country singer Hank Wil-liams Jr. and his wife. Mary Jane Thomas, are the parents of a baby girl. Katherine Diana, born in Nashville, Tennessee, . . . In Fort Lauderdale, Florida, Karen Velez, the wife of Lee Majors, gave birth to twin boys, Dane Luke and Trey Kalley.

п

Bob Hope says bis annual Christmas television special will be caped in San Antonio this year.

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